

ADDENDUM DATED FEBRUARY 6, 2012  
OFFICIAL STATEMENT DATED JANUARY 24, 2012

**\$2,360,000**  
**VILLAGE OF CLARENDON HILLS**  
 DuPage County, Illinois  
 Refunding Debt Certificates, Series 2012

**AMOUNT, MATURITY, INTEREST RATE, PRICE OR YIELD AND CUSIP NUMBERS**

Principal Amount	Due Jan. 1	Interest Rate	Yield or Price	CUSIP Number	Principal Amount	Due Jan. 1	Interest Rate	Yield or Price	CUSIP Number
\$105,000	2013	2.000%	0.550%	180396 GK3	\$160,000	2020	2.000%	1.750%	180396 GS6
225,000	2014	2.000%	0.700%	180396 GL1	165,000	2021*	2.250%	1.900%	180396 GT4
225,000	2015	2.000%	0.850%	180396 GM9	170,000	2022*	2.375%	2.000%	180396 GU1
230,000	2016	2.000%	0.950%	180396 GN7	170,000	2023*	2.500%	2.125%	180396 GV9
235,000	2017	2.000%	1.050%	180396 GP2	180,000	2024*	2.625%	2.250%	180396 GW7
155,000	2018	2.000%	1.300%	180396 GQ0	180,000	2025*	2.750%	2.400%	180396 GX5
160,000	2019	2.000%	1.550%	180396 GR8					

*\*These maturities have been priced to call.*

The Official Statement of the Village dated January 24, 2012 (the "Official Statement") with respect to the Certificates is incorporated by reference herein and made a part hereof. The "Final Official Statement" of the Village with respect to the Certificates as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission shall be comprised of the following:

1. Official Statement dated January 24, 2012; and
2. This Addendum dated February 6, 2012.

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations with respect to the Certificates other than as contained in the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. Certain information contained in the Final Official Statement may be obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to completeness. NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE THEREUNDER SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE DATE THEREOF.

The Village has authorized preparation of the Final Official Statement containing pertinent information relative to the Certificates and the Village. Copies of that Final Official Statement can be obtained from the Underwriter, as defined herein. Additional information may also be obtained from the Village or from the independent public finance consultants to the Village:

Established 1954

***Speer Financial, Inc.***

**INDEPENDENT PUBLIC FINANCE CONSULTANTS**  
 ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602  
 Telephone: (312) 346-3700; Facsimile: (312) 346-8833  
[www.speerfinancial.com](http://www.speerfinancial.com)



## ADDITIONAL INFORMATION

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request.

## DEBT INFORMATION

After issuance of the Certificates and the refunding of the Refunded Certificates, the Village will have outstanding \$3,314,000 principal amount of general obligation debt, of which \$829,000 are general obligation alternate revenue source debt. In addition, the Village has an IEPA loan in the amount of \$1,596,892 as of April 30, 2011.

### Village's General Obligation Debt(1) (Principal Only)

Calendar Year	Series	Series	Series	Series	The Certificates	Less: The Refunded Certificates		Total Outstanding Debt	Cumulative	
	2002	2005	2009	2011		Series	Series		Principal	Retired
	Certificates	Certificates	Bonds	Bonds		2002	2005		Amount	Percent
2013 .....	\$ 70,000	\$ 125,000	\$ 20,000	\$ 20,000	\$105,000	\$(70,000)	\$ 0	\$ 270,000	\$ 270,000	8.15%
2014 .....	75,000	125,000	20,000	25,000	225,000	(75,000)	(125,000)	270,000	540,000	16.29%
2015 .....	75,000	130,000	21,000	30,000	225,000	(75,000)	(130,000)	276,000	816,000	24.62%
2016 .....	80,000	135,000	22,000	30,000	230,000	(80,000)	(135,000)	282,000	1,098,000	33.13%
2017 .....	85,000	140,000	23,000	30,000	235,000	(85,000)	(140,000)	288,000	1,386,000	41.82%
2018 .....	0	145,000	24,000	30,000	155,000	0	(145,000)	209,000	1,595,000	48.13%
2019 .....	0	155,000	25,000	30,000	160,000	0	(155,000)	215,000	1,810,000	54.62%
2020 .....	0	160,000	26,000	35,000	160,000	0	(160,000)	221,000	2,031,000	61.29%
2021 .....	0	165,000	27,000	35,000	165,000		(165,000)	227,000	2,258,000	68.14%
2022 .....	0	175,000	28,000	35,000	170,000		(175,000)	233,000	2,491,000	75.17%
2023 .....	0	180,000	30,000	35,000	170,000		(180,000)	235,000	2,726,000	82.26%
2024 .....	0	190,000	31,000	40,000	180,000		(190,000)	251,000	2,977,000	89.83%
2025 .....	0	195,000	32,000	40,000	180,000		(195,000)	252,000	3,229,000	97.44%
2026 .....	0	0	0	40,000	0	0	0	40,000	3,269,000	98.64%
2027 .....	0	0	0	45,000	0	0	0	45,000	3,314,000	100.00%
Total ..	\$385,000	\$2,020,000	\$329,000	\$500,000	\$2,425,000	\$(385,000)	\$(1,895,000)	\$3,314,000		

Note: (1) Source: the Village.

## Statement of Bonded Indebtedness(1)

	Amount Applicable	Ratio To		Per Capita (2010 Census Pop. 8,427)
		Equalized Assessed	Estimated Actual	
Village EAV of Taxable Property, 2010 .....	\$ 537,200,987	100.00%	33.33%	\$ 63,747.60
Estimated Actual Value, 2010 .....	\$1,611,602,961	300.00%	100.00%	\$191,242.79
 Total Direct Debt .....	 \$ 3,314,000	 0.62%	 0.21%	 \$ 393.26
Less: Alternate Bonds(2) .....	(829,000)	(0.15%)	(0.05%)	(98.37)
Net Direct Bonded Debt .....	\$ 2,485,000	0.46%	0.15%	\$ 294.89
 Overlapping Bonded Debt(3):				
Schools .....	\$ 19,237,709	3.58%	1.19%	\$ 2,282.87
Other .....	6,175,640	1.15%	0.38%	732.84
Total Overlapping Bonded Debt .....	\$ 25,413,349	4.73%	1.58%	\$ 3,015.71
Net Direct and Total Overlapping Bonded Debt .....	\$ 27,898,349	5.19%	1.73%	\$ 3,310.59

- Notes: (1) Source: DuPage County Clerk.  
(2) Includes General Obligation Bonds (Alternate Revenue Source) Series 2009 and Series 2011.  
(3) As of January 2, 2012.

## Legal Debt Margin(1)

2010 Village Equalized Assessed Valuation.....	\$537,200,987
Statutory Debt Limitation (8.625% of EAV) .....	\$ 46,333,585

### General Obligation Bonded Debt:

Series 2009 Bonds(2) .....	\$ 329,000
Series 2011 Bonds(2) .....	500,000
Less: Alternate Bonds(2) .....	(829,000)
Total General Obligation Bonded Debt(2) .....	\$ 0

### Installment Contract Debt:

Series 2002 Certificates .....	\$ 385,000
Series 2005 Certificates .....	2,020,000
The Certificates .....	2,360,000
Less: The Refunded Certificates .....	(2,280,000)
Total Installment Contract Debt .....	\$ 2,485,000

Total General Obligation and Installment Contract Debt.....\$ 2,485,000

Total Applicable Debt .....	\$ 2,485,000
Legal Debt Margin .....	\$ 43,848,585

- Notes: (1) Source: the Village.  
(2) As general obligation alternate bonds under Illinois statutes, the Series 2009 and the Series 2011 Bonds do not count against the 8.625% of EAV debt limit for general obligation bonded debt, so long as the debt service levy for such bonds is abated annually and not extended.

## INVESTMENT RATING

The Certificates have been rated “AA+” by Standard & Poor’s. The Village has supplied certain information and material concerning the Certificates and the Village to the rating service shown on the cover page as part of its application for an investment rating on the Certificates. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Certificates. An explanation of the significance of the investment rating may be obtained from the rating agency: Standard & Poor’s Corporation, 55 Water Street, New York, New York 10041, telephone 212-438-2000.

## **UNDERWRITING**

The Certificates were offered for sale by the Village at a public, competitive sale on February 6, 2012. The best bid submitted at the sale was submitted by BOSC, Inc., a subsidiary of BOK Financial Corporation, Menomonee Falls, Wisconsin (the "Underwriter"). The Village awarded the contract for sale of the Certificates to the Underwriter at a price of \$2,402,869.29. The Underwriter has represented to the Village that the Certificates have been subsequently re-offered to the public initially at the yields set forth in this Addendum.

## **AUTHORIZATION**

The Official Statement dated January 24, 2012, and this Addendum dated February 6, 2012, for the \$2,360,000 Refunding Debt Certificates, Series 2012, have been prepared under the authority of the Village and have been authorized for distribution by the Village.

/s/ **THOMAS F. KARABA**  
*Village President*  
VILLAGE OF CLARENDON HILLS  
DuPage County, Illinois

/s/ **PEG HARTNETT**  
*Finance Director*  
VILLAGE OF CLARENDON HILLS  
DuPage County, Illinois

## Official Statement

Subject to compliance by the Village with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Certificates is not exempt from present State of Illinois income taxes. See **"TAX EXEMPTION"** herein for a more complete discussion. The Certificates are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **"QUALIFIED TAX-EXEMPT OBLIGATIONS"** herein.



**\$2,425,000\***

## VILLAGE OF CLARENDON HILLS

DuPage County, Illinois  
 Refunding Debt Certificates, Series 2012

**Dated Date of Delivery      Book-Entry      Bank Qualified      Due Serially January 1, 2013-2025**

The \$2,425,000\* Refunding Debt Certificates, Series 2012 (the "Certificates") are being issued by the Village of Clarendon Hills, DuPage County, Illinois (the "Village"). Interest is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2012. Interest is calculated based on a 360-day year of twelve 30-day months. The Certificates will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Certificates. The ownership of one fully registered Certificate for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Certificates will be made to purchasers. The Certificates will mature on January 1 in the following years and amounts.

### AMOUNT\*, MATURITY, INTEREST RATE, PRICE OR YIELD AND CUSIP NUMBERS

Principal Amount*	Due Jan. 1	Interest Rate	Yield or Price	CUSIP Number	Principal Amount*	Due Jan. 1	Interest Rate	Yield or Price	CUSIP Number
\$110,000.....	2013	_____ %	_____ %	_____	\$165,000.....	2020	_____ %	_____ %	_____
230,000.....	2014	_____ %	_____ %	_____	170,000.....	2021	_____ %	_____ %	_____
230,000.....	2015	_____ %	_____ %	_____	175,000.....	2022	_____ %	_____ %	_____
235,000.....	2016	_____ %	_____ %	_____	180,000.....	2023	_____ %	_____ %	_____
235,000.....	2017	_____ %	_____ %	_____	185,000.....	2024	_____ %	_____ %	_____
160,000.....	2018	_____ %	_____ %	_____	185,000.....	2025	_____ %	_____ %	_____
165,000.....	2019	_____ %	_____ %	_____					

Any consecutive maturities may be aggregated into no more than five term certificates at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

### OPTIONAL REDEMPTION

Certificates due January 1, 2013-2020, inclusive, are non-callable. Certificates due on January 1, 2021-2025, are callable in whole or in part on any date on or after January 1, 2020, at a price of par plus accrued interest. If less than all the Certificates are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot. See **"OPTIONAL REDEMPTION"** herein.

### PURPOSE, LEGALITY AND SECURITY

The Certificate proceeds will be used to currently refund the Village's outstanding Debt Certificates, Series 2002, advance refund a portion of the Village's outstanding Debt Certificates, Series 2005, and to pay the costs of issuing the Certificates. See **"PLAN OF FINANCING"** herein.

The obligation to make payments due on the Certificates is a direct general obligation of the Village payable from the general funds of the Village and such other sources of payment as are otherwise lawfully available and that the Village will appropriate funds annually and in a timely manner so as to provide for the making of all payments thereon when due. THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE VILLAGE OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE ON THE CERTIFICATES. See **"DESCRIPTION OF THE CERTIFICATES"** herein.

The Certificates are "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Official Statement is dated January 24, 2012, and has been prepared under the authority of the Village. An electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Debt Auction Center/Official Statements Sales Calendar/Competitive". Additional copies may be obtained from Ms. Peg Hartnett, Finance Director, Village of Clarendon Hills, One North Prospect Avenue, Clarendon Hills, Illinois 60514-1292 or from the Independent Public Finance Consultants to the Village:

Established 1954

*Speer Financial, Inc.*

**INDEPENDENT PUBLIC FINANCE CONSULTANTS**  
 ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602  
 Telephone: (312) 346-3700; Facsimile: (312) 346-8833  
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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Village from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Certificates described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the Village.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Certificates, together with any other information required by law or deemed appropriate by the Village, shall constitute a “Final Official Statement” of the Village with respect to the Certificates, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations with respect to the Certificates other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

## CERTIFICATE ISSUE SUMMARY

This Certificate Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

<b>Issuer:</b>	Village of Clarendon Hills, DuPage County, Illinois.
<b>Issue:</b>	\$2,425,000* Refunding Debt Certificates, Series 2012.
<b>Dated Date:</b>	Date of delivery, expected to be on or about February 27, 2012.
<b>Interest Due:</b>	Each January 1 and July 1, commencing July 1, 2012.
<b>Principal Due:</b>	Serially each January 1, commencing January 1, 2013 through January 1, 2025, as detailed on the front page of this Official Statement.
<b>Optional Redemption:</b>	The Certificates maturing on or after January 1, 2021, are callable at the option of the Village on any date on or after January 1, 2020, at a price of par plus accrued interest. See <b>“OPTIONAL REDEMPTION”</b> herein.
<b>Authorization:</b>	By vote of the Board and pursuant to the provisions of the Illinois Municipal Code, as amended, and the Local Government Debt Reform Act, as amended.
<b>Security:</b>	The obligation to make payments due on the Certificates is a direct general obligation of the Village payable from the general funds of the Village and such other sources of payment as are otherwise lawfully available and that the Village will appropriate funds annually and in a timely manner so as to provide for the making of all payments thereon when due. THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE VILLAGE OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE ON THE CERTIFICATES. See <b>“DESCRIPTION OF THE CERTIFICATES”</b> herein.
<b>Credit Rating:</b>	A rating for the Certificates has been requested from Standard & Poor’s, a Division of the McGraw-Hill Companies, New York, New York.
<b>Purpose:</b>	The Certificate proceeds will be used to currently refund the Village’s outstanding Debt Certificates, Series 2002, advance refund a portion of the Village’s outstanding Debt Certificates, Series 2005, and to pay the costs of issuing the Certificates. See <b>“PLAN OF FINANCING”</b> herein.
<b>Tax Exemption:</b>	Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the tax exemption of the Certificates as discussed under <b>“TAX EXEMPTION”</b> in this Official Statement. Interest on the Certificates is not exempt from present State of Illinois income taxes.
<b>Bank Qualification:</b>	The Certificates are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See <b>“QUALIFIED TAX-EXEMPT OBLIGATIONS”</b> herein.
<b>Certificate Registrar/ Paying Agent/Escrow Agent:</b>	U.S. Bank National Association, Chicago, Illinois.
<b>Verification Agent:</b>	Sikich LLP, Aurora, Illinois.
<b>Delivery:</b>	The Certificates are expected to be delivered on or about February 27, 2012.
<b>Book-Entry Form:</b>	The Certificates will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Certificates. See <b>APPENDIX B</b> herein.
<b>Financial Advisor:</b>	Speer Financial, Inc., Chicago, Illinois.

**VILLAGE OF CLARENDON HILLS**  
**DuPage County, Illinois**

**President and Board of Trustees**

Thomas F. Karaba  
*President*

Allan Alongi  
Paul Flood

Paul Pedersen  
Edward Reid

Steve Wallace  
Mary Williams

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**Officials**

Dawn Tandle  
*Village Clerk*

Randy Recklaus  
*Village Manager*

Peg Hartnett  
*Finance Director*

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Speer Financial, Inc.  
*Financial Advisor*

Klein Thorpe & Jenkins  
*Village Attorney*

**DESCRIPTION OF THE CERTIFICATES**

The Certificates are issued by the Village for the purpose of providing funds to currently refund the Village's outstanding Debt Certificates, Series 2002, advance refund a portion of the Village's outstanding Debt Certificates, Series 2005, and to pay the costs of issuing the Certificates, all as described and defined in the ordinance authorizing the Certificates (the "Certificate Ordinance"), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as supplemented and amended, and in particular as supplemented by the Local Government Debt Reform Act of the State of Illinois, as amended (the "Debt Reform Act") (collectively, "Applicable Law"), and with the Certificate Ordinance, passed by the President and Board of Trustees of the Village (the "Board") on the 6<sup>th</sup> day of February, 2012, in all respects as by law required. The Certificates issued by the Village have been issued in evidence of the indebtedness incurred pursuant to the Certificate Ordinance.

The obligation to make payments due on the Certificates is a direct general obligation of the Village payable from the general funds of the Village and such other sources of payment as are otherwise lawfully available. The Village represented and warranted in the Certificate Ordinance that the total amount due the nominee-seller under the Agreement, together with all other indebtedness of the Village, is within all statutory and constitutional debt limitations. The Village agreed in the Certificate Ordinance to appropriate funds of the Village annually and in a timely manner so as to provide for the making of all payments when due under the terms of the Agreement. THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE VILLAGE OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE ON THE CERTIFICATES.



## **THE VILLAGE**

The Village of Clarendon Hills (the “Village”) is located in DuPage County, approximately 19 miles west of Chicago’s Loop. The residential community is 1.85 square miles in size and has a current population of approximately 8,427 people, according to the 2010 Census.

### **Government and Services**

The Village President and six-member Board of Trustees are elected on an at-large basis. A Village Manager/Administrator is in charge of the day-to-day operations of the Village. The Village employs a total of 33 full-time employees. Municipal employees are covered by the Illinois Municipal Retirement Fund (IMRF).

Emergency services are provided by a police force of 12 full-time officers and a chief, and fire protection is provided by a fire chief and 54 paid-on-call firefighters. The firehouse is staffed with one firefighter/EMT and two firefighter/paramedics on a contract basis, 24 hours per day/7 days a week.

Water is provided by the DuPage Water Commission. Sewerage facilities are provided by Flag Creek Sanitary District.

The Clarendon Hills Park District is an independent unit of government which provides recreation and park facilities with seven park sites located in the Village, totaling 45 acres. Park facilities include two outdoor ice rinks, one outdoor swimming pool, one waterslide, six tennis courts and one volleyball court. Playgrounds, fishing and picnicking areas are also available to the residents of the Village.

The Village is served by three area hospitals and one health education teaching center. Good Samaritan Hospital is the major acute care facility in the area with 284 beds. Hinsdale Hospital serves the area with 251 beds. The Village is also near the Robert Crown Center for Health Education Teaching Center which specializes in educational programs for the general public.

### **Transportation**

Located near Tri-State (I-294) and East-West (I-88) tollways, the Village has easy access to the Loop, and Midway and O’Hare airports. All are within a 45-minute drive from the Village. Express trains reach the downtown area of Chicago in approximately 30 minutes and locals in 45 minutes.

### **Education**

Public education for Village residents is provided by two elementary school districts (School District Number 60 and Community Consolidated School District Number 181) and Hinsdale Central High School (High School District Number 86) with an enrollment of approximately 9,817 students. A Catholic grade school and a Montessori school for pre-schoolers are also available to residents.

Opportunities for higher learning are provided for Village residents by the College of DuPage (“COD”), Community College District Number 502, and various colleges and universities throughout the Chicago metropolitan area. With an annual enrollment of over 31,000, COD is the largest community college in the State of Illinois in terms of enrollment. Educational programs in over 80 areas of study include associate degrees, college transfer classes, occupational and vocational programs, continuing education, and special program such as the older Adult Institute and the Business and Professional Institute. COD employs approximately 2,200 full and part time employees.

## SOCIOECONOMIC INFORMATION

### Employment

Substantial employment is available in surrounding communities, the “Research and Development Corridor” north of the Village, and throughout the Chicago metropolitan area. Numerous employers are located within the Village and in surrounding communities.

The following employment data shows a consistently diverse and strong growth trend for employment in DuPage County. This data is **NOT** comparable to similar U.S. Census statistics, which would include government employment, and establishments not covered by the Illinois Unemployment Insurance Program, and could classify employment categories differently.

### DuPage County Private, Non-Agricultural Employment Covered by the Illinois Unemployment Insurance Act(1)

	(Data as of March for each Year)				
	2006	2007	2008	2009	2010
Farm, Forestry, Fisheries .....	328	353	338	310	280
Mining and Quarrying .....	76	157	112	90	84
Construction .....	30,496	29,278	26,903	23,042	19,192
Manufacturing .....	58,878	60,122	59,719	53,193	49,208
Transportation, Communications, Utilities .....	39,233	40,010	41,205	37,913	34,566
Wholesale Trade .....	52,027	50,083	50,669	47,984	44,552
Retail Trade .....	68,734	69,136	68,274	61,886	59,906
Finance, Insurance, Real Estate .....	45,934	46,031	43,489	39,579	37,239
Services(2) .....	<u>237,322</u>	<u>243,456</u>	<u>247,072</u>	<u>237,881</u>	<u>239,883</u>
Total .....	533,028	538,626	537,781	501,878	484,907

Notes: (1) Source: Illinois Department of Employment Security.  
 (2) Includes unclassified establishments.

Following are lists of large employers located in the Village and in the surrounding area.

### Major Village Employers(1)

Name	Product/Service	Approximate Employment
Jewel/Osco Store .....	Grocery Store .....	200
Hinsdale Golf Club .....	Golf Course .....	133
Village of Clarendon Hills .....	Municipality .....	91
Country House Restaurant .....	Restaurant .....	45
Buke's Salon Spa .....	Salon and Spa .....	35
Scapa Italian Kitchen .....	Restaurant .....	35
Redd Herring Restaurant .....	Restaurant .....	25
PNC Bank .....	Bank .....	20
Tower Travel Management Corp. ....	Travel Management .....	20
Village Veterinary Practice .....	Veterinarian .....	16

Notes: (1) Source: Village of Clarendon Hills 2011 Comprehensive Annual Financial Report.

### Major Area Employers(1)

Location	Name	Business or Product	Approximate Employment
Downers Grove	Advocate Good Samaritan Hospital	Hospital & Health Care Services	2,700
Downers Grove	GCA Services Group, Inc.	School Maintenance Grounds & Custodial Services	2,000
Oak Brook	McDonald's Corp.	Corporate Headquarters, Fast Food Restaurant	2,000
Downers Grove	Sara Lee Food & Beverage	Divisional Headquarters, Bread, Cake, and Related Products	1,700
Hinsdale	Adventist Hinsdale Hospital	Hospital	1,555
Downers Grove	Sara Lee Corp.	Corporate Headquarters, Bread, Cake, and Related Products	1,200
Oak Brook	Advocate Health Care	Company Headquarters & Health Care Services	1,200
Oak Brook	Ace Hardware Corp.	Corporate Headquarters, Paints and Allied Products	1,000
Downers Grove	DeVry, Inc.	Corporate Headquarters, Vocational School	850
Oak Brook	Advocate Home Health Services	Home Health Care	800
Downers Grove	R.R. Donnelley & Sons Co.	Business Consulting	600
Oak Brook	Sanford Corp.	Corporate Headquarters, Pens and Mechanical Pencils	600
Oak Brook	Crowe Horwath LLP	Accounting Services	550
Downers Grove	Coventry Health Care/First Health, Inc.	Health Benefits Services Provider	530
Downers Grove	FTD, Inc.	Direct Flower & Gift Marketing	509
Downers Grove	Ambitech Engineering Corp.	Engineering Services	500
Downers Grove	Blue Cross & Blue Shield	Group Health Insurance	420
Oak Brook	A.M. Castle & Co.	Company Headquarters, Steel and Alloy Finishing	400
Oak Brook	Reed Business Information	Magazine Publishing	400
Westmont	SIRVA, Inc.	Corporate Headquarters, Moving & Relocation Service Provider	400

Note: (1) Source: 2012 Illinois Manufacturers Directory, 2012 Illinois Services Directory and a selective telephone survey.

The following tables show employment by industry and by occupation for the Village, DuPage County and the State of Illinois as reported by the 2005-2009 American Community Survey 5-Year estimates from the U.S. Bureau of the Census.

### Employment By Industry(1)

Classification	The Village		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting, and Mining	18	0.48%	963	0.20%	65,440	1.07%
Construction	240	6.45%	28,585	5.95%	376,949	6.18%
Manufacturing	124	3.33%	61,998	12.91%	806,499	13.23%
Wholesale Trade	223	5.99%	24,386	5.08%	217,944	3.57%
Retail Trade	210	5.64%	52,003	10.83%	662,515	10.87%
Transportation and Warehousing, and Utilities	169	4.54%	25,388	5.29%	358,754	5.88%
Information	134	3.60%	13,575	2.83%	145,038	2.38%
Finance, Insurance, Real Estate, Rental and Leasing	448	12.04%	47,293	9.85%	485,533	7.96%
Professional, Scientific, Management, Administrative, and Waste Management Services	599	16.09%	63,771	13.28%	651,535	10.69%
Educational, Health and Social Services	1,014	27.24%	92,017	19.16%	1,287,693	21.12%
Arts, Entertainment, Recreation, Accommodation and Food Services	282	7.58%	35,906	7.48%	515,791	8.46%
Other Services (Except Public Administration)	89	2.39%	23,631	4.92%	292,634	4.80%
Public Administration	172	4.62%	10,667	2.22%	230,710	3.78%
Total	3,722	100.00%	480,183	100.00%	6,097,035	100.00%

Note: (1) Source: 2005-2009 American Community Survey 5-Year Estimates. Information from the 2010 Census is not available as of the date of this Official Statement.

### Employment By Occupation(1)

Classification	The Village		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Management, Professional and Related Occupations	2,415	64.88%	207,353	43.18%	2,138,597	35.08%
Service Occupations	400	10.75%	56,428	11.75%	992,030	16.27%
Sales and Office	616	16.55%	136,456	28.42%	1,591,409	26.10%
Farming, Fishing and Forestry	0	0.00%	599	0.12%	19,064	0.31%
Construction, Extraction, and Maintenance	69	1.85%	32,331	6.73%	490,145	8.04%
Production, Transportation, and Material Moving	222	5.96%	47,016	9.79%	865,790	14.20%
Total	3,722	100.00%	480,183	100.00%	6,097,035	100.00%

Note: (1) Source: 2005-2009 American Community Survey 5-Year Estimates. Information from the 2010 Census is not available as of the date of this Official Statement.

## Unemployment Rates

The table below shows unemployment trends for the Village, DuPage County and the State of Illinois.

### Annual Average Unemployment Rates(1)

Calendar Year	The Village	DuPage County	State of Illinois
2001 .....	1.0%	3.8%	4.9%
2002 .....	1.3%	5.1%	6.3%
2003 .....	1.8%	5.2%	6.3%
2004 .....	1.8%	4.9%	6.0%
2005 .....	1.6%	4.7%	5.7%
2006 .....	1.5%	4.0%	5.1%
2007 .....	1.1%	4.6%	4.6%
2008 .....	1.3%	5.2%	6.2%
2009 .....	1.7%	9.0%	9.9%
2010 .....	2.9%	8.8%	10.7%
2011(2) .....	N/A	7.7%	9.4%

Notes: (1) Illinois Department of Employment Security.  
 (2) As of November 2011.

## Building Permits

### Village Building Permits(1) (Excludes the Value of Land)

Fiscal Year	Single-Family		Multi-Family		Miscellaneous	Total
	Units	Value	Units	Value	Value	Value
2002 .....	50	\$17,674,220	7	\$1,240,000	\$ 3,140,622	\$22,054,842
2003 .....	46	19,660,000	49	5,570,000	13,406,884	38,636,884
2004 .....	49	19,274,679	1	0	5,575,443	24,850,122
2005 .....	45	24,005,000	17	256,000	8,358,537	32,619,537
2006 .....	60	27,056,690	30	616,946	7,869,490	35,543,126
2007 .....	28	14,714,000	2	80,000	4,876,279	19,670,279
2008 .....	23	11,795,500	2	80,000	4,144,446	16,019,946
2009 .....	9	5,681,000	1	7,000	4,593,385	10,281,385
2010 .....	9	5,470,000	1	4,500	2,315,248	7,789,748
2011 .....	17	9,675,000	0	0	9,464,286	19,139,286

Note: (1) Source: The Village.

## Housing

The 2005-2009 American Community Survey 5-Year estimates from the U.S. Bureau of the Census reported that the median value of the Village's owner-occupied homes was \$576,400, which compares with \$315,700 for DuPage County and \$200,400 for the State of Illinois. The 2005-2009 American Community Survey market value of specified owner-occupied units for the Village, DuPage County and the State of Illinois were as follows:

### Specified Owner-Occupied Units(1)

Value	The Village		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000 .....	6	0.24%	2,065	0.80%	218,908	6.65%
\$50,000 to \$99,999 .....	0	0.00%	3,426	1.32%	467,086	14.19%
\$100,000 to \$149,999 .....	51	2.03%	13,313	5.15%	465,161	14.13%
\$150,000 to \$199,999 .....	94	3.74%	27,103	10.47%	492,170	14.95%
\$200,000 to \$299,999 .....	251	9.98%	73,467	28.39%	701,719	21.31%
\$300,000 to \$499,999 .....	617	24.52%	95,091	36.75%	640,636	19.46%
\$500,000 to \$999,999 .....	1,091	43.36%	37,036	14.31%	253,512	7.70%
\$1,000,000 and over .....	406	16.14%	7,240	2.80%	53,493	1.62%
Total .....	2,516	100.00%	258,741	100.00%	3,292,685	100.00%

Note: (1) Source: 2005-2009 American Community Survey 5-Year Estimates. Information from the 2010 Census is not available as of the date of this Official Statement.

## Income

### Per Capita Personal Income for the Ten Highest Income Counties in the State(1)

Rank		2007
1	Lake County	\$56,456
2	DuPage County	55,371
3	Cook County	45,230
4	Peoria County	39,595
5	McHenry County	39,061
6	Jo Davies County	38,937
7	Tazewell County	37,625
8	Monroe County	37,375
9	Will County	36,687
10	Sangamon County	36,301

Note: (1) Source: State of Illinois. Information from the 2010 Census is unavailable as of the date of this Official Statement.

The following shows the median family income for counties in the Chicago metropolitan area.

### Median Family Income(1)

Ill. County	Estimated Family Income(2)
DuPage County	\$92,059
Lake County	91,721
McHenry County	87,260
Kendall County	86,659
Will County	83,355
Kane County	77,842
Grundy County	74,792
Cook County	64,973

Notes: (1) Source: ACS. Information from the 2010 Census is unavailable as of the date of this Official Statement.  
 (2) In 2009 inflation adjusted numbers.

According to the 2005-2009 American Community Survey 5-Year estimates from the U.S. Bureau of the Census, the Village had a median family income of \$142,045. This compares to \$92,059 for DuPage County and \$67,660 for the State of Illinois. The following table represents the distribution of family incomes for the Village, DuPage County and the State of Illinois at the time of the 2005-2009 American Community Survey.

### Family Income(1)

Income	The Village		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	12	0.56%	3,830	1.61%	133,989	4.27%
\$10,000 to \$14,999	0	0.00%	2,901	1.22%	89,724	2.86%
\$15,000 to \$24,999	82	3.86%	8,945	3.75%	225,392	7.18%
\$25,000 to \$34,999	58	2.73%	12,644	5.30%	263,441	8.39%
\$35,000 to \$49,999	79	3.72%	21,143	8.87%	400,463	12.76%
\$50,000 to \$74,999	205	9.64%	42,003	17.61%	631,535	20.12%
\$75,000 to \$99,999	216	10.16%	39,550	16.58%	490,901	15.64%
\$100,000 to \$149,999	455	21.40%	55,107	23.11%	525,923	16.76%
\$150,000 to \$199,999	307	14.44%	25,333	10.62%	190,607	6.07%
\$200,000 or more	712	33.49%	27,022	11.33%	186,863	5.95%
Total	2,126	100.00%	238,478	100.00%	3,138,838	100.00%

Note: (1) Source: 2005-2009 American Community Survey 5-Year Estimates. Information from the 2010 Census is not available as of the date of this Official Statement.

According to the 2005-2009 American Community Survey 5-Year estimates from the U.S. Bureau of the Census, the Village had a median household income of \$107,648. This compares to \$76,355 for DuPage County and \$55,222 for the State of Illinois. The following table represents the distribution of household incomes for the Village, DuPage County and the State of Illinois at the time of the 2005-2009 American Community Survey.

### Household Income(I)

Income	The Village		DuPage County		State of Illinois	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000 .....	42	1.37%	10,215	3.03%	334,415	7.04%
\$10,000 to \$14,999 .....	27	0.88%	8,154	2.42%	236,950	4.99%
\$15,000 to \$24,999 .....	272	8.86%	20,981	6.22%	477,411	10.05%
\$25,000 to \$34,999 .....	108	3.52%	22,628	6.71%	466,199	9.82%
\$35,000 to \$49,999 .....	351	11.43%	38,596	11.45%	643,541	13.55%
\$50,000 to \$74,999 .....	369	12.02%	64,873	19.25%	905,607	19.07%
\$75,000 to \$99,999 .....	294	9.57%	51,149	15.18%	624,148	13.14%
\$100,000 to \$149,999 .....	548	17.84%	63,726	18.91%	626,633	13.19%
\$150,000 to \$199,999 .....	274	8.92%	27,790	8.24%	219,763	4.63%
\$200,000 or more .....	786	25.59%	28,943	8.59%	214,721	4.52%
Total .....	3,071	100.00%	337,055	100.00%	4,749,388	100.00%

Note: (1) Source: 2005-2009 American Community Survey 5-Year Estimates. Information from the 2010 Census is not available as of the date of this Official Statement.

### Sales Tax Trend

The table below shows the distribution of the municipal portion of the Retailers' Occupation, Service Occupation and Use Tax ("Sales Tax") collected by the State Department of Revenue from retailers within the Village. The table indicates the level of retail activity in the Village.

### Retailers' Occupation, Service Occupation and Use Tax(I)

State Fiscal Year Ending June 30	State Sales Tax Distributions(2)	Annual Percent Change + (-)
2002 .....	\$584,196	1.85%(3)
2003 .....	560,126	(4.12%)
2004 .....	540,385	(3.52%)
2005 .....	530,345	(1.86%)
2006 .....	527,582	(0.52%)
2007 .....	519,643	(1.50%)
2008 .....	560,262	7.82%
2009 .....	519,505	(7.27%)
2010 .....	495,115	(4.69%)
2011 .....	466,312	(5.82%)
Change from 2002 to 2011 .....		(20.18%)

- Notes: (1) Source: Illinois Department of Revenue.  
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.  
 (3) The 2002 percentage change is based on a 2001 sales tax of \$573,593.

## PLAN OF FINANCING

The Certificate proceeds will be used to fund an escrow (the “Escrow”) to currently refund the Village’s outstanding Debt Certificates, Series 2002, advance refund a portion of the Village’s outstanding Debt Certificates, Series 2005, as listed below (collectively, the “Refunded Certificates”), and to pay the costs of issuance of the Certificates:

### The Refunded Certificates Debt Certificates, Series 2002

<u>Refunded Maturity</u>	<u>Outstanding Amount</u>	<u>Amount Refunded</u>	<u>Redemption Price(s)</u>	<u>Redemption Date(s)</u>
1/1/2013 .....	\$ 70,000	\$ 70,000	100 %	4/1/12
1/1/2014 .....	75,000	75,000	100 %	4/1/12
1/1/2015 .....	75,000	75,000	100 %	4/1/12
1/1/2016 .....	80,000	80,000	100 %	4/1/12
1/1/2017 .....	85,000	85,000	100 %	4/1/12
Total .....	\$385,000	\$385,000		

### Debt Certificates, Series 2005

<u>Refunded Maturity</u>	<u>Outstanding Amount</u>	<u>Amount Refunded</u>	<u>Redemption Price(s)</u>	<u>Redemption Date(s)</u>
1/1/2013 .....	\$ 125,000	\$ 0	N/A	N/A
1/1/2014 .....	125,000	125,000	100 %	1/1/13
1/1/2015 .....	130,000	130,000	100 %	1/1/13
1/1/2016 .....	135,000	135,000	100 %	1/1/13
1/1/2017 .....	140,000	140,000	100 %	1/1/13
1/1/2018 .....	145,000	145,000	100 %	1/1/13
1/1/2019 .....	155,000	155,000	100 %	1/1/13
1/1/2020 .....	160,000	160,000	100 %	1/1/13
1/1/2021 .....	165,000	165,000	100 %	1/1/13
1/1/2022 .....	175,000	175,000	100 %	1/1/13
1/1/2023 .....	180,000	180,000	100 %	1/1/13
1/1/2024 .....	190,000	190,000	100 %	1/1/13
1/1/2025 .....	195,000	195,000	100 %	1/1/13
Total .....	\$2,020,000	\$1,895,000		

The Certificate proceeds will be used to purchase direct full faith and credit obligations of the United States of America (the “Government Securities”), the principal of which together with interest to be earned thereon will be sufficient (i) to pay when due the interest on the Refunded Certificates until the redemption dates as stated above, and (ii) to pay principal and interest due on the Refunded Certificates on the redemption dates. The remaining Certificate proceeds will be used to pay the costs of issuing the Certificates.

The Government Securities will be held in an escrow account created pursuant to an escrow agreement dated as of the date of delivery (the “Escrow Agreement”), between the Village and U.S. Bank National Association, Chicago, Illinois, as escrow agent.

The mathematical calculations: (a) of the adequacy of the deposit made pursuant to the Escrow Agreement to provide for the payment of certain interest on and principal of the Refunded Certificates, and (b) supporting the opinion of Bond Counsel that the interest on the Certificates is excludable from gross income of the owners thereof for federal income tax purposes will be verified by Sikich LLP, Certified Public Accountants, Aurora, Illinois, (the “Verifier”), at the time of delivery of the Certificates. All moneys and Government Securities deposited for the payment of Refunded Certificates, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Certificates.

## DEBT INFORMATION

After issuance of the Certificates and the refunding of the Refunded Certificates, the Village will have outstanding \$3,379,000\* principal amount of general obligation debt, of which \$829,000 are general obligation alternate revenue source debt. In addition, the Village has an IEPA loan in the amount of \$1,596,892 as of April 30, 2011.

The Village does not intend to issue additional debt within the next three months.

### Village's General Obligation Debt(1) (Principal Only)

Calendar Year	Series 2002 Certificates	Series 2005 Certificates	Series 2009 Bonds	Series 2011 Bonds	The Certificates(2)	Less: The Refunded Certificates		Total Outstanding Debt(2)	Cumulative	
						Series 2002	Series 2005		Principal Amount	Retired(2) Percent
2013 .....	\$ 70,000	\$ 125,000	\$ 20,000	\$ 20,000	\$ 110,000	\$ (70,000)	\$ 0	\$ 275,000	\$ 275,000	8.14%
2014 .....	75,000	125,000	20,000	25,000	230,000	(75,000)	(125,000)	275,000	550,000	16.28%
2015 .....	75,000	130,000	21,000	30,000	230,000	(75,000)	(130,000)	281,000	831,000	24.59%
2016 .....	80,000	135,000	22,000	30,000	235,000	(80,000)	(135,000)	287,000	1,118,000	33.09%
2017 .....	85,000	140,000	23,000	30,000	235,000	(85,000)	(140,000)	288,000	1,406,000	41.61%
2018 .....	0	145,000	24,000	30,000	160,000	0	(145,000)	214,000	1,620,000	47.94%
2019 .....	0	155,000	25,000	30,000	165,000	0	(155,000)	220,000	1,840,000	54.45%
2020 .....	0	160,000	26,000	35,000	165,000	0	(160,000)	226,000	2,066,000	61.14%
2021 .....	0	165,000	27,000	35,000	170,000	0	(165,000)	232,000	2,298,000	68.01%
2022 .....	0	175,000	28,000	35,000	175,000	0	(175,000)	238,000	2,536,000	75.05%
2023 .....	0	180,000	30,000	35,000	180,000	0	(180,000)	245,000	2,781,000	82.30%
2024 .....	0	190,000	31,000	40,000	185,000	0	(190,000)	256,000	3,037,000	89.88%
2025 .....	0	195,000	32,000	40,000	185,000	0	(195,000)	257,000	3,294,000	97.48%
2026 .....	0	0	0	40,000	0	0	0	40,000	3,334,000	98.67%
2027 .....	0	0	0	45,000	0	0	0	45,000	3,379,000	100.00%
Total ..	\$385,000	\$2,020,000	\$329,000	\$500,000	\$2,425,000	\$(385,000)	\$(1,895,000)	\$3,379,000		

Notes: (1) Source: the Village.  
 (2) Subject to change.



### Detailed Overlapping Bonded Debt(1) (As of January 2, 2012)

	Outstanding Debt	Applicable to Village	
		Percent(2)	Amount
Schools:			
School District Number 60 .....	\$ 20,160,000	6.46%	\$ 1,302,336
School District Number 181 .....	77,820,000	17.08%	13,291,656
High School District Number 86 .....	8,275,000	8.45%	699,238
Unit School District Number 201 .....	4,310,000	7.28%	313,768
Community College District Number 502.....	263,095,000	1.38%	3,630,711
Total Schools .....			\$19,237,709
Others:			
DuPage County .....	\$256,370,000	1.33%	\$ 3,409,721
DuPage County Forest Preserve District.....	199,498,071	1.33%	2,653,324
Indian Prairie Library .....	915,000	0.83%	7,595
Clarendon Hills Special Service Area Number 7.....	105,000	100.00%	105,000
Total Others .....			\$ 6,175,640
Total Schools and Others Overlapping Bonded Debt.....			\$25,413,348

Notes: (1) Source: DuPage County Clerk.  
 (2) Overlapping debt percentages based on 2010 EAV.

### Statement of Bonded Indebtedness(1)

	Amount Applicable	Ratio To		Per Capita (2010 Census Pop. 8,427)
		Equalized Assessed	Estimated Actual	
Village EAV of Taxable Property, 2010 .....	\$ 537,200,987	100.00%	33.33%	\$ 63,747.60
Estimated Actual Value, 2010 .....	\$1,611,602,961	300.00%	100.00%	\$191,242.79
Total Direct Debt(2) .....	\$ 3,379,000	0.63%	0.21%	\$ 400.97
Less: Alternate Bonds(2)(3) .....	(829,000)	(0.15%)	(0.05%)	(98.37)
Net Direct Bonded Debt(2) .....	\$ 2,550,000	0.47%	0.16%	\$ 302.60
Overlapping Bonded Debt(4):				
Schools .....	\$ 19,237,709	3.58%	1.19%	\$ 2,282.87
Other.....	6,175,640	1.15%	0.38%	732.84
Total Overlapping Bonded Debt .....	\$ 25,413,349	4.73%	1.58%	\$ 3,015.71
Net Direct and Total Overlapping Bonded Debt(2).....	\$ 27,963,349	5.21%	1.74%	\$ 3,318.30

Notes: (1) Source: DuPage County Clerk.  
 (2) Subject to change.  
 (3) Includes General Obligation Bonds (Alternate Revenue Source) Series 2009 and Series 2011.  
 (4) A of January 2, 2012.

### Legal Debt Margin(1)

2010 Village Equalized Assessed Valuation..... \$537,200,987  
 Statutory Debt Limitation (8.625% of EAV)..... \$ 46,333,585

General Obligation Bonded Debt:

Series 2009 Bonds(2) .....\$ 329,000  
 Series 2011 Bonds(2) ..... 500,000  
 Less: Alternate Bonds(2) ..... (829,000)  
 Total General Obligation Bonded Debt(2) .....\$ 0

Installment Contract Debt:

Series 2002 Certificates .....\$ 385,000  
 Series 2005 Certificates ..... 2,020,000  
 The Certificates(3) ..... 2,425,000  
 Less: The Refunded Certificates ..... (2,280,000)  
 Total Installment Contract Debt(3) .....\$ 2,550,000

Total General Obligation and Installment Contract Debt(3).....\$ 2,550,000

Total Applicable Debt ..... \$ 2,550,000  
 Legal Debt Margin ..... \$ 43,783,585

- Notes: (1) Source: the Village.  
 (2) As general obligation alternate bonds under Illinois statutes, the Series 2009 and the Series 2011 Bonds do not count against the 8.625% of EAV debt limit for general obligation bonded debt, so long as the debt service levy for such bonds is abated annually and not extended.  
 (3) Subject to change.

### PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2010 levy year, the Village's EAV was comprised of 95% residential, 5% commercial and less than 1% industrial and railroad property valuations. Total growth in EAV since levy year 2006 has been approximately 12%.

### Equalized Assessed Valuation(1)

Property Class	Levy Years				
	2006	2007	2008	2009	2010
Residential .....	\$452,088,925	\$500,232,583	\$535,940,453	\$539,007,037	\$508,972,312
Commercial .....	26,307,550	27,564,610	28,953,640	28,612,136	27,817,980
Industrial .....	178,380	190,540	201,780	201,780	190,110
Railroad .....	128,291	144,447	166,426	201,241	220,585
Total .....	\$478,703,146	\$528,132,180	\$565,262,299	\$568,022,194	\$537,200,987
Percent Change +(-) .....	11.17%(2)	10.33%	7.03%	0.49%	(5.43%)

- Notes: (1) Source: DuPage County Clerk.  
 (2) Percentage change based on 2005 EAV of \$430,587,363.

### Representative Tax Rates(I) (Per \$100 EAV)

	Levy Years				
	2006	2007	2008	2009	2010
Village Rates:					
Corporate .....	\$0.1468	\$0.1392	\$0.1377	\$0.1354	\$0.1500
Bond and Interest .....	0.0000	0.0000	0.0000	0.0000	0.0000
IMRF .....	0.0243	0.0232	0.0217	0.0219	0.0240
Fire Pension .....	0.0049	0.0032	0.0027	0.0030	0.0032
Police Protection .....	0.0996	0.0950	0.0941	0.0912	0.1009
Police Pension .....	0.0406	0.0409	0.0454	0.0628	0.0649
Insurance .....	0.0242	0.0232	0.0229	0.0207	0.0226
Fire Protection .....	0.1341	0.1278	0.1266	0.1232	0.1359
Social Security .....	0.0444	0.0424	0.0407	0.0385	0.0421
Street Lighting .....	0.0076	0.0073	0.0058	0.0048	0.0051
Street and Bridge .....	0.0414	0.0394	0.0390	0.0392	0.0431
Total Village Rates(2) .....	\$0.5679	\$0.5416	\$0.5366	\$0.5407	\$0.5918
DuPage County .....	0.1713	0.1651	0.1557	0.1554	0.1659
DuPage County Forest Preserve District .....	0.1303	0.1187	0.1206	0.1217	0.1321
DuPage Airport Authority .....	0.0183	0.0170	0.0160	0.0148	0.0158
Downers Grove Township .....	0.0669	0.0639	0.0633	0.0638	0.0701
Clarendon Hills Library .....	0.1091	0.1041	0.1032	0.1040	0.1138
Clarendon Hills Park District .....	0.3011	0.2859	0.2950	0.2971	0.3179
Clarendon Hills Blackhawk Mosquito .....	0.0038	0.0037	0.0037	0.0038	0.0040
Clarendon Hills SSA #6 .....	0.1046	0.0929	0.0703	0.0279	0.0000
School District Number 181 .....	1.9491	1.8836	1.8306	1.9023	2.1353
High School District Number 86 .....	1.1418	1.0943	1.0804	1.0948	1.2011
Community College District Number 502 .....	0.1929	0.1888	0.1858	0.2127	0.2349
Total Rates(3) .....	\$4.7571	\$4.5596	\$4.4612	\$4.5390	\$4.9827

- Notes: (1) Source: DuPage County Clerk.  
 (2) Statutory tax rate limits for the Village are as follows: Corporate (\$0.4375); Fire Protection (\$0.6000); Police Protection (\$0.6000) and Street Lighting (\$0.0500).  
 (3) Representative tax rates for other government units are from Downers Grove Township tax code 9446, which represents 11.66% of the Village's 2010 EAV.

### Village Tax Extensions and Collections(I)

Levy Year	Coll. Year	Taxes Extended(2)	Total Collections	
			Amount(3)	Percent
2005 ...	2006 ....	\$2,634,333	\$ 2,632,030	99.91%
2006 ...	2007 ....	2,808,073	2,803,965	99.85%
2007 ...	2008 ....	2,955,428	2,953,063	99.92%
2008 ...	2009 ....	3,134,379	3,126,450	99.75%
2009 ...	2010 ....	3,174,108	3,170,868	99.90%
2010 ...	2011(4) .	3,179,155	2,902,957	91.31%

- Notes: (1) Source: the Village and DuPage County Treasurer.  
 (2) Tax extensions have been adjusted for abatements. Includes Fire Department and Street and Bridge.  
 (3) Total collections include back taxes, taxpayer refunds, interest, etc.  
 (4) Collections as of December 1, 2011.

## Principal Village Taxpayers(1)

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>2010 EAV(2)</u>
Hinsdale Golf Club .....	Country Club .....	\$ 8,072,070
Mid America Fed Sav Bank .....	Bank and Office Building .....	2,001,120
1st Natl Bk Evergreen Pk .....	Real Property .....	1,714,450
Albertsons Inc .....	Supermarket .....	1,340,450
Ogden Clarendon LLC .....	Real Property .....	1,240,230
Individual .....	Real Property .....	697,240
Clarendon Associates .....	Real Property .....	682,080
North Star Trust Co .....	Real Property .....	680,340
Individual .....	Real Property .....	671,400
Individual .....	Real Property .....	643,330
Total .....		\$17,742,710
Ten Largest Taxpayers as Percent of Village's 2010 EAV (\$537,200,987) .....		3.30%

- Notes: (1) Source: DuPage County Clerk.  
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2010 EAV is the most current available for this purpose.

## REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

### Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

### Exemptions

An annual General Homestead Exemption (the "General Homestead Exemption") provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$3,500 for assessment years prior to assessment year 2004 in counties with less than 3,000,000 inhabitants, and a maximum reduction of \$5,000 for assessment year 2004 through 2007 in all counties. Additionally, the maximum reduction is \$5,500 for assessment year 2008 and the maximum reduction is \$6,000 for assessment year 2009 and thereafter in all counties.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption ("Senior Citizens Homestead Exemption") operates annually to reduce the EAV on a senior citizen's home for assessment years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For assessment years 2004 and 2005, the maximum reduction is \$3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is \$3,500 in all counties. In addition, for assessment year 2008 and thereafter, the maximum reduction is \$4,000 for all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption ("Senior Citizens Assessment Freeze Homestead Exemption") freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$35,000 for years prior to 1999, \$40,000 for assessment years 1999 through 2003, \$45,000 for assessment years 2004 and 2005, \$50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is \$55,000. In general, the Senior Citizens Assessment Freeze Homestead Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. In counties with a population of 3,000,000 or more, the exemption for all assessment years is equal to the EAV of the residence in the assessment year for which application is made less the base amount. Furthermore, for those counties with a population of less than 3,000,000, the Senior Citizens Assessment Freeze Homestead Exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the Senior Citizens Assessment Freeze Homestead Exemption phases out as the amount of household income increases. The amount of the Senior Citizens Assessment Freeze Homestead Exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption ("Disabled Persons' Homestead Exemption") or the Disabled Veterans Standard Homestead Exemption ("Disabled Veterans Standard Homestead Exemption") cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50% are granted an exemption of \$2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. Moreover, if the property is sold by the surviving spouse, then an exemption amount not to exceed the amount specified by the current property tax roll may be transferred to the spouse's new residence, provided that it is the spouse's primary residence and the spouse does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("Returning Veterans' Homestead Exemption") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for the Returning Veterans' Homestead Exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principle residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for the Returning Veterans' Homestead Exemption may claim the Returning Veterans' Homestead Exemption, in addition to other homestead exemptions, unless otherwise noted.

### **Property Tax Extension Limitation law**

The Property Tax Extension Limitation Law, as amended (the "Limitation Law"), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the Village. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds (such as the Certificates) or are for certain refunding purposes.

The Village has the authority to levy taxes for many different purposes. See the table entitled **Representative Tax Rates** under "**PROPERTY ASSESSMENT AND TAX INFORMATION**" herein. The ceiling at any particular time on the rate at which these taxes may be extended for the Village is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. Public Act 94-0976, effective June 30, 2006, provides that the only ceiling on a particular tax rate is the ceiling set by statute above, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the Village) will have increased flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the Village's limiting rate computed in accordance with the provisions of the Limitation Law.

### **Truth in Taxation Law**

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

## FINANCIAL INFORMATION

### Investment Policy

*Investment Objectives.* Safety of principal is the foremost objective of the Village. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. The Village seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and Illinois state laws that restrict the placement of public funds.

*Prudence.* Investments shall be made with judgment and are, under circumstances then prevailing, which person of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the obtainment of market rates of return.

The standards of prudence to be used by investment officials shall be the “prudent person,” and shall be applied in the context of managing an overall portfolio. The Finance Director/Treasurer acting in accordance with written procedures and exercising due intelligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion, and appropriate action is taken to control adverse developments.

*Investment Instruments.* As a unit of local government in the State of Illinois, the Village is restricted by the Public Funds Investment Act, Illinois Compiled Statutes Chapter 30, Sections 235/0.01 through 235/7 to certain investments, including the following:

1. Interest bearing savings accounts, certificates of deposit and other time accounts of commercial banks insured by the Federal Deposit Insurance Corporation.
2. Securities of savings and loan associations the shares or investment certificates of which are insured by the Federal Savings and Loan Insurance Corporation.
3. Bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by full faith and credit of the United States of America as to principal and interest.
4. Short term discount obligations of the Federal National Mortgage Association.
5. Commercial paper issued by corporations organized in the United States with assets exceeding \$500,000,000. The rating must also be within the three highest classifications by at least two standard rating services and must mature not later than 180 days from the purchase date. Also, the Village investment cannot exceed 10% of the corporation’s outstanding obligations or one third of the Village’s available funds.
6. Dividend or share accounts of a credit union whose accounts are insured.
7. Illinois Public Treasurer’s Investment Pool.
8. Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended, provided that the portfolio of any such money market mutual fund is limited to bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.

It is the policy of the Village to concentrate its investment efforts in, but not restrict them to, U.S. Treasury obligations and certificates of deposit. These instruments shall be offered through brokers and financial institutions located in Illinois. Investments will be selected on the following basis:

1. The institution offering the investment must meet all the criteria as stated in the “Financial Institutions” section of this policy statement.
2. The duration of the investment must coincide with the cash requirements of the Village to meet short term or long term needs.
3. The rate of interest on the investment must be at least equivalent to the average rate of return available in the market place.

*Financial Institutions.* Financial institutions will be required to meet the following criteria in order to receive Village funds for investment: insurance or full collateral. Each financial institution shall furnish corporate authorities a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Trust Companies or the Comptroller of Currency.

*Reporting.* The Finance Director/Treasurer shall submit a monthly investment report that discloses all transactions made for the month. Copies shall be transmitted to the Village Manager, Village President and Finance Committee Chairperson.

#### **No Consent or Updated Information Requested of the Auditor**

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this “**FINANCIAL INFORMATION**” section and in **APPENDIX A** are from the audited financial statements of the Village, including the audited financial statements for the fiscal year ended April 30, 2011 (the “2011 Audit”). The 2011 Audit has been prepared by Sikich LLP, Certified Public Accountants, Aurora, Illinois, (the “Auditor”), and approved by formal action of the Board. The Village has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the Village requested that the Auditor consent to the use of the Excerpted Financial Information in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2011 Audit. The inclusion of the Excerpted Financial Information in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Village since the date of the 2011 Audit. Questions or inquiries relating to financial information of the Village since the date of the 2011 Audit should be directed to the Village.

#### **Financial Reports**

The Village’s financial statements are audited annually by certified public accountants. The Village’s financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for details.

#### **Summary Financial Information**

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for excerpts of the Village’s 2011 fiscal year audit.



## Statement of Net Assets Governmental Activities

	Audited as of April 30				
	2007	2008	2009	2010	2011
<b>ASSETS:</b>					
Cash and Cash Equivalents .....	\$ 8,134,897	\$ 8,043,970	\$ 8,138,534	\$ 8,510,070	\$ 8,881,061
Receivables:					
Property Taxes .....	3,379,306	3,522,513	3,560,729	3,408,169	3,430,883
Intergovernmental .....	265,248	318,039	271,638	601,385	386,289
Accounts .....	925	1,156	531	23,431	2,455
Interest .....	0	2,838	48,913	14,191	9,956
Other .....	156,723	181,468	258,155	204,472	156,199
Prepaid Items .....	73,038	90,860	98,693	101,314	101,586
Deposits .....	5,676	5,676	5,676	5,676	7,876
Advances (from) to Other Funds .....	(62,000)	(58,000)	(54,000)	(50,000)	(46,000)
Net Pension Assets .....	1,352	1,886	11,609	12,206	12,617
Capital Assets Not Being Depreciated .....	1,977,500	4,122,500	4,131,071	4,513,395	4,277,929
Capital Assets, Being Depreciated, Net .....	6,393,503	10,275,312	9,824,810	9,380,413	9,405,807
Total Assets .....	\$20,326,168	\$26,508,218	\$26,296,359	\$26,724,722	\$26,626,658
<b>LIABILITIES:</b>					
Accounts Payable .....	\$ 102,005	\$ 76,637	\$ 104,325	\$ 449,105	\$ 407,184
Interest Payable .....	77,049	66,151	54,346	53,197	42,041
Retainage Payable .....	0	0	0	0	2,071
Accrued Payroll .....	126,198	147,542	163,052	64,747	66,082
Unearned Revenue .....	3,379,306	3,543,606	3,690,323	3,490,808	3,624,864
Refundable Deposits .....	971,529	828,409	675,025	628,394	709,975
Other Liabilities .....	36,569	4,412	3,846	6,871	11,872
Long Term Liabilities:					
Due Within One Year .....	951,133	983,568	747,984	673,237	389,351
Due in More than One Year .....	5,434,628	4,592,157	3,963,744	3,747,172	3,450,864
Total Liabilities .....	\$11,078,417	\$10,242,482	\$ 9,402,645	\$ 9,113,531	\$ 8,704,304
<b>NET ASSETS:</b>					
Invested in Capital Assets,					
Net of Related Debt .....	\$ 2,511,003	\$ 9,447,812	\$ 9,940,881	\$10,213,808	\$10,620,736
Restricted Assets:					
Highways and Streets .....	523,320	524,838	381,672	396,769	423,160
Special Service Areas .....	203,322	212,311	216,018	111,118	76,978
Debt Service .....	135,818	157,659	166,222	292,870	203,750
Public Safety .....		87,309	113,708	29,055	37,706
Tourism .....	7,529	15,851	19,493	18,148	14,298
Downtown Parking .....	0	0	42,454	51,494	60,542
Unrestricted .....	5,866,759	5,819,956	6,013,266	6,497,929	6,485,184
Total Net Assets .....	\$ 9,247,751	\$16,265,736	\$16,893,714	\$17,611,191	\$17,922,354

# **Statement of Activities** **Net (Expense) Revenue and Changes in Net Assets** **Governmental Activities**

	Audited Fiscal Years Ending April 30				
	2007	2008	2009	2010	2011
Primary Government(1):					
General Government .....	\$ (588,342)	\$ (745,899)	\$ (644,330)	\$ (610,013)	\$ (578,269)
Public Safety .....	(2,767,144)	(2,968,641)	(3,106,650)	(3,278,138)	(3,175,357)
Public Works .....	(963,302)	(1,402,933)	(1,553,564)	(1,106,742)	(1,453,141)
Interest and Agency Fees .....	(255,713)	(224,225)	(190,598)	(181,623)	(148,302)
Total Governmental Activities .....	<u>\$(4,574,501)</u>	<u>\$(5,341,698)</u>	<u>\$(5,495,142)</u>	<u>\$(5,176,516)</u>	<u>\$(5,355,069)</u>
General Revenues:					
Taxes:					
Property and Replacement .....	\$ 3,197,654	\$ 3,395,280	\$ 3,538,827	\$ 3,569,012	\$ 3,422,474
Sales .....	614,462	666,488	639,640	582,831	575,772
Utility .....	750,408	808,837	780,892	709,503	723,627
Income .....	641,397	700,678	693,384	604,415	593,326
Food and Beverage .....	0	80,928	99,696	89,903	93,222
Other .....	102,964	117,258	136,557	132,493	144,496
Investment Income .....	428,856	356,205	222,877	94,529	45,663
Miscellaneous Revenues .....	29,407	34,553	7,971	82,068	67,652
Contributions .....	0	6,148,137	0	0	0
Gain on Sale of Capital Assets .....	23,035	51,319	3,276	29,239	0
Total General Revenues and Transfers .....	<u>\$ 5,788,183</u>	<u>\$12,359,683</u>	<u>\$ 6,123,120</u>	<u>\$ 5,893,993</u>	<u>\$ 5,666,232</u>
Change in Net Assets .....	\$ 1,213,682	\$ 7,017,985	\$ 627,978	\$ 717,477	\$ 311,163
Net Assets - Beginning .....	<u>\$ 8,034,069</u>	<u>\$ 9,247,751</u>	<u>\$16,265,736</u>	<u>\$16,893,714</u>	<u>\$17,611,191</u>
Net Assets - Ending .....	<u>\$ 9,247,751</u>	<u>\$16,265,736</u>	<u>\$16,893,714</u>	<u>\$17,611,191</u>	<u>\$17,922,354</u>

Note: (1) Expenses less program revenues of charges for services, operating grants and capital grants.

## **General Fund** **Balance Sheet**

	Audited as of April 30				
	2007	2008	2009	2010	2011
<b>ASSETS:</b>					
Cash and Investments .....	\$3,035,442	\$3,392,265	\$3,227,851	\$3,150,165	\$3,726,828
Receivables:					
Property Taxes .....	2,808,073	2,955,428	3,134,379	3,174,108	3,284,447
Accrued Interest .....	0	2,838	32,990	8,545	7,669
Intergovernmental .....	246,557	233,281	255,930	384,322	352,008
Other .....	45,979	61,935	157,506	101,136	60,421
Due From Other Funds .....	27,612	27,612	19,642	19,642	19,642
Deposits .....	5,676	5,676	5,676	5,676	7,876
Prepaid Items .....	73,038	90,860	98,693	101,314	101,586
Total Assets .....	<u>\$6,242,377</u>	<u>\$6,769,895</u>	<u>\$6,932,667</u>	<u>\$6,944,908</u>	<u>\$7,560,477</u>
<b>LIABILITIES:</b>					
Accounts Payable .....	\$ 67,889	\$ 51,039	\$ 52,414	\$ 59,522	\$ 65,686
Accrued Payroll .....	126,198	147,542	163,052	64,747	66,082
Deferred Revenue .....	2,808,073	2,976,521	3,259,973	3,256,747	3,316,909
Retainage Payable .....	0	0	0	0	41
Refundable Deposits .....	971,529	828,409	675,025	628,394	709,975
Other .....	36,569	4,412	3,846	6,871	11,872
Total Liabilities .....	<u>\$4,010,258</u>	<u>\$4,007,923</u>	<u>\$4,154,310</u>	<u>\$4,016,281</u>	<u>\$4,170,565</u>
<b>FUND EQUITY:</b>					
Fund Balances:					
Reserved for Prepaid Items .....	\$ 73,038	\$ 90,860	\$ 98,693	\$ 101,314	\$ 101,586
Reserved for Public Safety .....	0	87,309	113,708	29,055	37,706
Unreserved .....	<u>2,159,081</u>	<u>2,583,803</u>	<u>2,565,956</u>	<u>2,798,258</u>	<u>3,250,620</u>
Total Fund Equity .....	<u>\$2,232,119</u>	<u>\$2,761,972</u>	<u>\$2,778,357</u>	<u>\$2,928,627</u>	<u>\$3,389,912</u>
Total Liabilities and Fund Equity .....	<u>\$6,242,377</u>	<u>\$6,769,895</u>	<u>\$6,932,667</u>	<u>\$6,944,908</u>	<u>\$7,560,477</u>

## General Fund Revenues and Expenditures

	Audited Fiscal Years Ending April 30				
	2007	2008	2009	2010	2011
<b>REVENUES:</b>					
Taxes .....	\$2,656,179	\$2,912,136	\$3,078,794	\$3,242,608	\$3,291,836
Intergovernmental .....	1,272,068	1,389,451	1,355,799	1,230,169	1,225,238
Licenses and Permits .....	520,859	596,581	384,653	373,831	631,195
Service Charges .....	308,892	316,178	316,825	320,928	397,885
Fines .....	186,548	270,370	237,386	255,474	242,671
Interest .....	134,458	130,345	101,233	40,472	18,635
Miscellaneous .....	219,243	297,066	284,861	356,164	359,439
Total Revenues .....	\$5,298,247	\$5,912,127	\$5,759,551	\$5,819,646	\$6,166,899
<b>EXPENDITURES:</b>					
General:					
Government .....	\$1,165,112	\$1,214,253	\$1,095,350	\$1,034,181	\$1,122,849
Police Protection and Fire Protection .....	3,009,466	3,202,386	3,369,792	3,577,330	3,693,553
Public Works .....	728,334	773,417	831,696	812,104	826,091
Total Expenditures .....	\$4,902,912	\$5,190,056	\$5,296,838	\$5,423,615	\$5,642,493
Excess (Deficiency) of Revenues Over Expenditures .....	\$ 395,335	\$ 722,071	\$ 462,713	\$ 396,031	\$ 524,406
Other Financing Sources (Uses):					
Operating Transfers In .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out .....	(398,395)	(262,869)	(476,117)	(250,000)	(100,000)
Proceeds From Sale of Capital Assets .....	23,035	70,651	29,789	4,239	36,879
Total Other Financing Sources (Uses) .....	\$ (375,360)	\$ (192,218)	\$ (446,328)	\$ (245,761)	\$ (63,121)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses .....	\$ 19,975	\$ 529,853	\$ 16,385	\$ 150,270	\$ 461,285
Fund Balances at May 1 .....	2,212,144	2,232,119	2,761,972	2,778,357	2,928,627
Fund Balances at April 30 .....	\$2,232,119	\$2,761,972	\$2,778,357	\$2,928,627	\$3,389,912

## General Fund Budget and Interim Information

	Budgeted Fiscal 2012	Interim Eight Months Ending 12/31/2011
<b>REVENUES:</b>		
Taxes .....	\$3,405,345	\$3,297,504
Intergovernmental .....	1,291,250	397,682
Licenses and Permits .....	453,470	441,158
Grants .....	10,000	24,574
Service Charges .....	384,900	234,998
Fines .....	228,000	125,337
Interest .....	35,000	5,442
Miscellaneous .....	204,650	119,874
Franchise Fees .....	134,350	72,313
Total Revenues .....	\$6,146,965	\$4,718,882
<b>EXPENDITURES:</b>		
General:		
Legislative .....	\$ 85,680	\$ 61,593
Government .....	620,970	425,322
Police Protection and Fire Protection .....	3,745,505	2,528,600
Public Works .....	902,915	539,095
Community Development .....	326,960	215,630
Misc. Admin./Transfers .....	400,150	116,707
Total Expenditures .....	\$6,082,180	\$3,886,947
Excess (Deficiency) of Revenues Over Expenditures .....	\$ 64,785	\$ 831,935

## **EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS**

See **APPENDIX A** herein for a discussion of the Village's employee retirement and other postemployment benefits obligations.

## **REGISTRATION, TRANSFER AND EXCHANGE**

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Certificates will be initially issued as book-entry bonds.

The Village shall cause books (the "Certificate Register") for the registration and for the transfer of the Certificates to be kept at the principal corporate trust office maintained for the purpose by the Certificate Registrar in Chicago, Illinois. The Village will authorize to be prepared, and the Certificate Registrar shall keep custody of, multiple bond blanks executed by the Village for use in the transfer and exchange of Certificates.

Any Certificate may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Certificate Ordinance. Upon surrender for transfer or exchange of any Certificate at the principal office maintained for the purpose by the Certificate Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Certificate Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the Village shall execute and the Certificate Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Certificate or Certificates of the same series and maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the Village of any fully registered Certificate shall constitute full and due authorization of such Certificate, and the Certificate Registrar shall thereby be authorized to authenticate, date and deliver such Certificate, provided, however, the principal amount of outstanding Certificates of each series and maturity authenticated by the Certificate Registrar shall not exceed the authorized principal amount of Certificates for such series and maturity less Certificates previously paid.

The Certificate Registrar shall not be required to transfer or exchange any Certificate following the close of business on the 15<sup>th</sup> day of the month next preceding any interest payment date on such Certificate (known as the record date), nor to transfer or exchange any Certificate after notice calling such Certificate for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Certificates.

The person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Certificates shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Certificates, but the Village or the Certificate Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates except in the case of the issuance of a Certificate or Certificates for the unredeemed portion of a Certificate surrendered for redemption.

## **TAX EXEMPTION**

Federal tax law contains a number of requirements and restrictions which apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Village has covenanted to comply with all requirements that must be satisfied in order for the interest on the Certificates to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Certificates to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates.

Subject to the Village's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Certificates is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts within the Village's knowledge and upon the mathematical computation of the yield on the Certificates and the yield on certain investments by the Verification Agent. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Certificates.

Ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Certificates is the price at which a substantial amount of such maturity of the Certificates is first sold to the public. The Issue Price of a maturity of the Certificates may be different from the price set forth, or the price corresponding to the yield set forth, in the addendum to this Official Statement.

If the Issue Price of a maturity of the Certificates is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Certificates (the "OID Certificates") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Certificate in the initial public offering at the Issue Price for such maturity and who holds such OID Certificate to its stated maturity, subject to the condition that the Village complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Certificates is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Certificates should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Certificates.

Owners of Certificates who dispose of Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Certificates in the initial public offering, but at a price different from the Issue Price or purchase Certificates subsequent to the initial public offering should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate's stated redemption price at maturity or, in the case of a OID Certificate, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Certificate for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Certificates.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "certificate premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized certificate premium relating to a tax-exempt certificate. The amortized certificate premium is treated as a reduction in the tax-exempt interest received. As certificate premium is amortized, it reduces the investor's basis in the Certificate. Investors who purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of certificate premium and its effect on the certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to certificates issued prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Certificates. If an audit is commenced, under current procedures the Service may treat the Village as a taxpayer and the Certificateholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Certificates, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Certificates is not exempt from present State of Illinois income taxes. Ownership of the Certificates may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their tax advisors regarding the applicability of any such state and local taxes.

See **APPENDIX C** for the proposed form of Bond Counsel opinion for the Certificates.

## QUALIFIED TAX EXEMPT OBLIGATIONS

Subject to the Village's compliance with certain covenants, in the opinion of Bond Counsel, the Certificates are "qualified tax exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## LIMITED CONTINUING DISCLOSURE

Because at the time of the delivery of the Certificates the Village will be an "obligated person" (as such term is defined in Rule 15c2-12 (the "Rule")) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Certificates, the Village is required to provide to the Municipal Securities Rulemaking Board (the "MSRB"), as specified in the Rule, annual financial information or operating data regarding the Village which annual financial information and operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the Village and is publicly available. Consequently, pursuant to the Rule, the Village will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Certificates to send certain annual financial information and operating data to the MSRB for purposes of the Rule and to provide notice of certain material events to the MSRB pursuant to the requirements of Section (b)(5) of the Rule adopted by the Securities Exchange Commission (the "Commission") under the Securities Exchange Act of 1934 (the "1934 Act").

The information to be provided, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under **"THE UNDERTAKING."**

The Village has represented that it has not failed to comply in all material respects with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the Village to comply with the Undertaking will not constitute a default under the Certificate Ordinance and beneficial owners of the Certificates are limited to the remedies described in the Undertaking. See **"THE UNDERTAKING - Consequences of Failure of the Village to Provide Information."**

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

## THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Village and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Village.

### Financial Information Disclosure

The Village covenants that it will disseminate its Financial Information (as described below) annually to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information.

"Financial Information" means financial statements of the Village as audited annually by independent certified public accountants. The Village's audited financial statements are prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

## Reportable Events Disclosure

The Village covenants that it will disseminate in a timely manner to the MSRB the disclosure of the occurrence of a Reportable Event (as described below) with respect to the Certificates in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The “Reportable Events” are:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Village\*
13. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

## Consequences of Failure of the Village to Provide Information

In the event of a failure of the Village to comply with any provision of the Undertaking, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Certificate Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Village to comply with the Undertaking shall be an action to compel performance.

\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village.



## **Amendment; Waiver**

Notwithstanding any other provision of the Undertaking, the Village by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Village, or type of business conducted; or
- (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Certificates, as determined by parties unaffiliated with the Village (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Financial Information or notices of a material Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Village shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

## **Termination of Undertaking**

The Undertaking shall be terminated if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Certificates under the Certificate Ordinance. The Village shall give notice to the MSRB in a timely manner if this paragraph is applicable.

## **Additional Information**

Nothing in the Undertaking shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Financial Information or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the Village chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the Village shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

## **Dissemination of Information; Dissemination Agent**

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its Electronic Municipal Market Access (“EMMA”) system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

## **OPTIONAL REDEMPTION**

Certificates due January 1, 2013-2020, inclusive, are non-callable. Certificates due on January 1, 2021-2025, are callable in whole or in part on any date on or after January 1, 2020, at a price of par plus accrued interest. If less than all the Certificates are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot.

The Certificate Registrar will give notice of redemption, identifying the Certificates (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Certificate (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Certificate Registrar. Unless moneys sufficient to pay the redemption price of the Certificates to be redeemed are received by the Certificate Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption will be conditional upon the receipt of such moneys by the Certificate Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Village will not redeem such Certificates, and the Certificate Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Certificates will not be redeemed. Otherwise, prior to any redemption date, the Village will deposit with the Certificate Registrar an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Certificate Ordinance, the Certificates or portions of Certificates so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price) such Certificates or portions of Certificates shall cease to bear interest. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates will be paid by the Certificate Registrar at the redemption price.

## **LITIGATION**

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Certificates, or in any way contesting or affecting the validity of the Certificates or any proceedings of the Village taken with respect to the issuance or sale thereof.

## **OFFICIAL STATEMENT AUTHORIZATION**

This Official Statement has been authorized for distribution to prospective purchasers of the Certificates. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the Village, and all expressions of opinion, whether or not so stated, are intended only as such.

## **INVESTMENT RATING**

The Village has supplied certain information and material concerning the Certificates and the Village to the rating service shown on the cover page as part of its application for an investment rating on the Certificates. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Certificates. An explanation of the significance of the investment rating may be obtained from the rating agency: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041, telephone 212-438-2000.

## CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Certificates are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the Village. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Certificates and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Village, reviewed only those portions of this Official Statement involving the description of the Certificates, the security for the Certificates (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of interest on the Certificates and the "bank-qualified" status of the Certificates. This review was undertaken solely at the request and for the benefit of the Village and did not include any obligation to establish or confirm factual matters set forth herein.

## UNDERWRITING

The Certificates were offered for sale by the Village at a public, competitive sale on February 6, 2012. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the "Underwriter"). The Village awarded the contract for sale of the Certificates to the Underwriter at a price of \$ \_\_\_\_\_. The Underwriter has represented to the Village that the Certificates have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Official Statement.

## FINANCIAL ADVISOR

The Village has engaged Speer Financial, Inc. as financial advisor (the "Financial Advisor") in connection with the issuance and sale of the Certificates. The Financial Advisor is a Registered Financial Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Financial Advisor will not participate in the underwriting of the Certificates. The financial information included in the Official Statement has been compiled by the Financial Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Financial Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Certificates. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Financial Advisor obligated by the Village's continuing disclosure undertaking.

## CERTIFICATION

We have examined this Official Statement dated January 24, 2012, for the \$2,425,000\* Refunding Debt Certificates, Series 2012, believe it to be true and correct and will provide to the purchaser of the Certificates at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Certificates and, including any addenda thereto, was at the time of delivery of the Certificates true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **THOMAS F. KARABA**  
Village President  
VILLAGE OF CLARENDON HILLS  
DuPage County, Illinois

/s/ **PEG HARTNETT**  
Finance Director  
VILLAGE OF CLARENDON HILLS  
DuPage County, Illinois

**APPENDIX A**

**VILLAGE OF CLARENDON HILLS  
DUPAGE COUNTY, ILLINOIS**

**EXCERPTS OF FISCAL YEAR 2011 AUDITED FINANCIAL STATEMENTS**

VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 8,881,061	\$ 4,578,844	\$ 13,459,905
Receivables (Net Where Applicable of Allowance for Uncollectibles)			
Property Taxes	3,430,883	-	3,430,883
Intergovernmental	386,289	-	386,289
Accounts	2,455	195,827	198,282
Interest	9,956	1,382	11,338
Other	156,199	-	156,199
Prepaid Items	101,586	16,951	118,537
Deposits	7,876	969	8,845
Advances (from) to Other Funds	(46,000)	46,000	-
Net Pension Asset	12,617	-	12,617
Capital Assets not Being Depreciated	4,277,929	53,206	4,331,135
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	9,405,807	7,183,725	16,589,532
<b>Total Assets</b>	<b>26,626,658</b>	<b>12,076,904</b>	<b>38,703,562</b>
<b>LIABILITIES</b>			
Accounts Payable	407,184	60,879	468,063
Interest Payable	42,041	-	42,041
Retainage Payable	2,071	134	2,205
Accrued Payroll	66,082	6,597	72,679
Unearned Revenue	3,624,864	16,427	3,641,291
Refundable Deposits	709,975	22,500	732,475
Other Liabilities	11,872	-	11,872
Long-Term Liabilities			
Due Within One Year	389,351	-	389,351
Due in More than One Year	3,450,864	1,596,892	5,047,756
<b>Total Liabilities</b>	<b>8,704,304</b>	<b>1,703,429</b>	<b>10,407,733</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	10,620,736	5,640,039	16,260,775
Restricted for			
Highways and Streets	423,160	-	423,160
Special Service Areas	76,978	-	76,978
Debt Service	203,750	-	203,750
Public Safety	37,706	-	37,706
Tourism	14,298	-	14,298
Downtown Parking	60,542	-	60,542
Unrestricted	6,485,184	4,733,436	11,218,620
<b>TOTAL NET ASSETS</b>	<b>\$ 17,922,354</b>	<b>\$ 10,373,475</b>	<b>\$ 28,295,829</b>

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,493,161	\$ 914,892	\$ -	\$ -
Public Safety	3,972,037	571,365	33,851	191,464
Public Works	1,789,652	6,113	259,672	70,726
Interest and Agency Fees	148,302	-	-	-
Total Governmental Activities	7,403,152	1,492,370	293,523	262,190
Business-Type Activities				
Water	1,931,425	2,437,169	-	-
Parking	52,198	57,990	-	-
Total Business-Type Activities	1,983,623	2,495,159	-	-
TOTAL PRIMARY GOVERNMENT	\$ 9,386,775	\$ 3,987,529	\$ 293,523	\$ 262,190

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Net (Expense) Revenue and Change in Net Assets			
	Governmental Activities	Business-Type Activities	Total	
General Government	\$ (578,269)	\$ -	\$ (578,269)	
Public Safety	(3,175,357)	-	(3,175,357)	
Public Works	(1,453,141)	-	(1,453,141)	
Interest and Agency Fees	(148,302)	-	(148,302)	
Total Governmental Activities	(5,355,069)	-	(5,355,069)	
Business-Type Activities	-	505,744	505,744	
Parking	-	5,792	5,792	
Total Business-Type Activities	-	511,536	511,536	
TOTAL PRIMARY GOVERNMENT	(5,355,069)	511,536	(4,843,533)	

General Revenues	Net (Expense) Revenue and Change in Net Assets			
	Governmental Activities	Business-Type Activities	Total	
Taxes	3,422,474	-	3,422,474	
Property and Replacement	575,772	-	575,772	
Sales	723,627	-	723,627	
Utility	593,326	-	593,326	
Income	93,222	-	93,222	
Food and Beverage	144,496	-	144,496	
Other	45,663	16,779	62,442	
Investment Income	67,652	-	67,652	
Miscellaneous	-	-	-	
Total	5,666,232	16,779	5,683,011	
CHANGE IN NET ASSETS	311,163	528,315	839,478	
NET ASSETS, MAY 1	17,611,191	9,845,160	27,456,351	
NET ASSETS, APRIL 30	\$ 17,922,354	\$ 10,373,475	\$ 28,295,829	

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2011

	General	Capital Projects	Special Tax Allocation	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 3,726,828	\$ 4,246,321	\$ 126,086	\$ 781,826	\$ 8,881,061
Receivables					
Property Taxes	3,284,447	-	21,120	125,316	3,430,883
Intergovernmental	352,008	18,046	-	16,235	386,289
Accounts	-	2,455	-	-	2,455
Interest	7,669	2,287	-	-	9,956
Other	60,421	95,778	-	-	156,199
Due from Other Funds	19,442	94,323	-	-	113,965
Prepaid Items	101,586	-	-	-	101,586
Deposits	7,876	-	-	-	7,876
Advances from Other Funds	-	250,000	-	-	250,000
<b>TOTAL ASSETS</b>	<b>\$ 7,560,477</b>	<b>\$ 4,709,210</b>	<b>\$ 147,206</b>	<b>\$ 923,377</b>	<b>\$ 13,340,270</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 65,686	\$ 76,434	\$ 250,000	\$ 15,064	\$ 407,184
Accrued Payroll	66,082	-	-	-	66,082
Retainage Payable	41	-	-	2,030	2,071
Deferred Revenue	3,316,909	161,519	21,120	125,316	3,624,864
Advances to Other Funds	-	-	250,000	46,000	296,000
Refundable Deposits	709,975	-	-	-	709,975
Other Liabilities	11,872	-	-	-	11,872
Due to Other Funds	-	-	113,965	-	113,965
<b>Total Liabilities</b>	<b>4,170,565</b>	<b>237,953</b>	<b>635,085</b>	<b>188,410</b>	<b>5,232,013</b>
<b>FUND BALANCES</b>					
Reserved for Advance from Other Funds	-	250,000	-	-	250,000
Reserved for Highways and Streets	-	-	-	423,160	423,160
Reserved for Special Service Areas	-	-	-	76,978	76,978
Reserved for Debt Service	-	-	-	203,750	203,750
Reserved for Prepaid Items	101,586	-	-	-	101,586
Reserved for Public Safety	37,706	-	-	-	37,706
Reserved for Tourism	-	-	-	14,298	14,298
Reserved for Downtown Parking	-	-	-	60,542	60,542
Undesignated					
General	3,250,620	-	-	-	3,250,620
Special Revenue	-	-	(487,879)	-	(487,879)
Capital Projects	-	4,221,257	-	(43,761)	4,177,496
<b>Total Fund Balances</b>	<b>3,389,912</b>	<b>4,471,257</b>	<b>(487,879)</b>	<b>734,967</b>	<b>8,108,257</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,560,477</b>	<b>\$ 4,709,210</b>	<b>\$ 147,206</b>	<b>\$ 923,377</b>	<b>\$ 13,340,270</b>

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

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

April 30, 2011

<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 8,108,257</b>
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	13,683,736
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Interest payable	(42,041)
Compensated absences payable	(603,511)
Bonds and debt certificates payable	(3,063,000)
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	12,617
The net pension obligation does not use a current financial resource and, therefore, is not reported in the governmental funds	(173,704)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 17,922,354</b>

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

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

For the Year Ended April 30, 2011

	General	Capital Projects	Special Tax Allocation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 3,291,836	\$ 670,214	\$ 30,570	\$ 442,626	\$ 4,435,246
Intergovernmental	1,224,238	75,297	-	-	1,300,535
Licenses and Permits	631,195	-	-	-	631,195
Service Charges	397,885	114,788	-	-	512,673
Fines	244,671	-	-	-	244,671
Investment Income	18,635	25,474	1	1,553	45,663
Miscellaneous	359,459	-	-	-	359,459
<b>Total Revenues</b>	<b>6,166,899</b>	<b>885,773</b>	<b>30,571</b>	<b>444,179</b>	<b>7,527,422</b>
<b>EXPENDITURES</b>					
Current					
General Government	1,122,849	155,473	9,515	5,952	1,293,789
Public Safety	3,693,553	-	-	-	3,693,553
Public Works	826,091	64,589	-	211,655	1,102,335
Capital Outlay	-	268,692	500,000	-	768,692
Debt Service	-	-	-	617,000	617,000
Principal	-	-	-	159,458	159,458
Interest and Agent Fees	-	-	-	-	-
<b>Total Expenditures</b>	<b>5,642,493</b>	<b>488,754</b>	<b>509,515</b>	<b>994,065</b>	<b>7,634,827</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>524,406</b>	<b>397,019</b>	<b>(478,944)</b>	<b>(549,886)</b>	<b>(107,405)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	100,000	-	692,224	792,224
Transfers (Out)	(100,000)	(462,299)	-	(229,925)	(792,224)
Proceeds from Sale of Capital Assets	36,879	-	-	-	36,879
<b>Total Other Financing Sources (Uses)</b>	<b>(63,121)</b>	<b>(362,299)</b>	<b>-</b>	<b>462,299</b>	<b>36,879</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>461,285</b>	<b>34,720</b>	<b>(478,944)</b>	<b>(87,587)</b>	<b>(70,526)</b>
<b>FUND BALANCES (DEFICIT), MAY 1</b>	<b>2,928,627</b>	<b>4,436,537</b>	<b>(8,935)</b>	<b>822,554</b>	<b>8,178,783</b>
<b>FUND BALANCES (DEFICIT), APRIL 30</b>	<b>\$ 3,389,912</b>	<b>\$ 4,471,257</b>	<b>\$ (487,879)</b>	<b>\$ 734,967</b>	<b>\$ 8,108,257</b>

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

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

For the Year Ended April 30, 2011

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (70,526)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	168,726
The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(24,376)
Capital contributions are reported as revenue in the statement of activities	186,893
The repayment of the principal portion 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	617,000
The change in the accrual of interest is reported as a reduction of interest expense on the statement of activities	11,156
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(541,315)
Depreciation	
The change in compensated absences payable is shown as an expense on the statement on activities	(41,146)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	4,751
<b>CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 311,163</b>

See accompanying notes to financial statements.



VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

April 30, 2011

	Water Utility	Nonmajor Enterprise Fund	Total
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 4,489,364	\$ 89,480	\$ 4,578,844
Accounts Receivable	195,827	-	195,827
Interest Receivable	1,382	-	1,382
Prepaid Items	16,951	-	16,951
Deposits	969	-	969
Total Current Assets	4,704,493	89,480	4,793,973
<b>NONCURRENT ASSETS</b>			
Advances to Other Funds	46,000	-	46,000
Capital Assets	53,206	-	53,206
Capital Assets not Being Depreciated	7,056,876	126,849	7,183,725
Capital Assets Being Depreciated (Net of Accumulated Depreciation)			
Net Capital Assets	7,110,082	126,849	7,236,931
Total Noncurrent Assets	7,156,082	126,849	7,282,931
Total Assets	11,860,575	216,329	12,076,904
<b>CURRENT LIABILITIES</b>			
Accounts Payable	60,358	521	60,879
Retainage Payable	134	-	134
Accrued Payroll	6,597	-	6,597
Unearned Revenue	-	16,427	16,427
Refundable Deposits	22,500	-	22,500
Total Current Liabilities	89,589	16,948	106,537
<b>LONG-TERM LIABILITIES</b>			
IEPA Loan Payable	1,596,892	-	1,596,892
Total Long-Term Liabilities	1,596,892	-	1,596,892
Total Liabilities	1,686,481	16,948	1,703,429
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	5,513,190	126,849	5,640,039
Unrestricted	4,660,904	72,532	4,733,436
TOTAL NET ASSETS	\$ 10,174,094	\$ 199,381	\$ 10,373,475

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

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

For the Year Ended April 30, 2011

	Water Utility	Nonmajor Enterprise Fund	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 2,255,951	\$ 53,990	\$ 2,309,941
Fees	37,506	-	37,506
Penalties	27,179	-	27,179
Miscellaneous	1,745	-	1,745
Total Operating Revenues	2,322,381	53,990	2,376,371
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
General and Administrative	1,557,013	37,904	1,594,917
Distribution	27,638	-	27,638
Total Operating Expenses Excluding Depreciation	1,584,651	37,904	1,622,555
<b>OPERATING INCOME BEFORE DEPRECIATION</b>	737,730	16,086	753,816
<b>DEPRECIATION</b>	342,350	14,294	356,644
<b>OPERATING INCOME (LOSS)</b>	395,380	1,792	397,172
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Rental Income	114,788	4,000	118,788
Investment Income	16,585	194	16,779
Interest Expense	(4,424)	-	(4,424)
Total Nonoperating Revenues (Expenses)	126,949	4,194	131,143
<b>CHANGE IN NET ASSETS</b>	522,329	5,986	528,315
<b>NET ASSETS, MAY 1</b>	9,651,765	193,395	9,845,160
<b>NET ASSETS, APRIL 30</b>	\$ 10,174,094	\$ 199,381	\$ 10,373,475

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Water Utility	Nonmajor Enterprise Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 2,306,053	\$ 53,990	\$ 2,360,043
Receipts from Rent and Rebates	114,788	4,000	118,788
Payments to Suppliers	(718,228)	(17,736)	(735,964)
Payments to Employees	(825,256)	-	(825,256)
Payments to Other Funds	-	(20,350)	(20,350)
Net Cash from Operating Activities	877,357	19,904	897,261
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances to Other Funds	4,000	-	4,000
Net Cash from Noncapital Financing Activities	4,000	-	4,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Property, Plant and Equipment	(773,881)	-	(773,881)
Proceeds from IEPA Loan	1,419,745	-	1,419,745
Payment of Bond Principal	(115,000)	-	(115,000)
Payment of Interest	(6,389)	-	(6,389)
Net Cash from Capital and Related Financing Activities	524,475	-	524,475
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	22,663	194	22,857
Net Cash from Investing Activities	22,663	194	22,857
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,428,495	20,098	1,448,593
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	3,060,869	69,382	3,130,251
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	\$ 4,489,364	\$ 89,480	\$ 4,578,844

(This statement is continued on the following page.)

VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Water Utility	Nonmajor Enterprise Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 395,380	\$ 1,792	\$ 397,172
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	342,350	14,294	356,644
Rental Income	114,788	4,000	118,788
Changes in Assets and Liabilities			
Accounts Receivable	(16,328)	-	(16,328)
Prepaid Items	27,431	-	27,431
Accounts Payable	14,254	(1,062)	13,192
Accrued Payroll	630	-	630
Other Liabilities	(1,148)	880	(268)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ 877,357	\$ 19,904	\$ 897,261

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

April 30, 2011

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 218,188	\$ 42,556
Investments, at Fair Value		
U.S. Government and Agency Obligations	642,323	-
Equity Mutual Funds	3,522,893	-
Debt Mutual Funds	1,461,269	-
Insurance Contracts	2,230,760	-
Accrued Interest	2,819	-
Property Tax Receivable	-	20,115
Total Assets	8,078,252	\$ 62,671
<b>LIABILITIES</b>		
Accounts Payable	400	\$ -
Due to Bondholders	-	48,311
Due to Others	-	14,360
Total Liabilities	400	\$ 62,671
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 8,077,852	

See accompanying notes to financial statements.

VILLAGE OF CLARENDON HILLS, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended April 30, 2011

<b>ADDITIONS</b>		
Contributions		\$ 373,195
Employer Contributions		197,038
Employee Contributions		
Total Contributions		570,233
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments		637,668
Interest		32,264
Total Investment Income		669,932
Less Investment Expense		(95)
Net Investment Income		669,837
Total Additions		1,240,070
<b>DEDUCTIONS</b>		
Benefits and Refunds		440,442
Administrative Expenses		16,108
Total Deductions		456,550
NET INCREASE (DECREASE)		783,520
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
May 1		7,294,332
April 30		\$ 8,077,852

See accompanying notes to financial statements.

April 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

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

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

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in a fiduciary capacity. In addition, the Village uses agency funds to account for assets that the Village is holding in an agent capacity.

c. Government-Wide and Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Clarendon Hills, Illinois (the Village) was incorporated in 1924. The Village operates under a Board of Trustees-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, engineering, public improvements, planning and zoning and general administrative services. The boundaries of the Village are within DuPage County.

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

a. Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

The Village participates in one joint venture, the DuPage Water Commission (DWC). Although the Village has board representation on this organization, this is a separate reporting entity for which the Village is not financially accountable; therefore, the Village does not include its financial activities as part of its reporting entity.

The Village has a separately elected Board, the power to levy taxes, the authorization to expend funds, the responsibility to designate management, the ability to prepare and modify the annual budget and the authority to issue debt. Therefore, the Village is not included as a component unit of any other entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

The Capital Projects Fund is used to account for resources used by the Village for acquisition and/or construction of major capital items other than those financed by special service areas.

The Special Tax Allocation Fund is used to account for activities of the Village's Tax Increment Financing District.

The Village reports the following major proprietary fund:

The Water Utility Fund is used to account for the provision of water, sewer repair and improvement services to residents. All activities necessary to provide such services are accounted for in this fund.

In addition, the Village reports pension trust funds as fiduciary funds to account for the police and fire pension plans. The Village reports agency funds to account for the repayment of no commitment debt (Special Service Area No. 7) and park and school district donations where the Village is acting in an agent capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for the agency funds which do not have a measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. The Village recognizes property taxes when they become both measurable and available in the period the tax is intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)
- The Village reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.
- e. Cash and Investments
- Cash and deposits include amounts in demand deposits as well as nonnegotiable certificates of deposit stated at cost. Investments are stated at fair value in accordance with GASB Statement No. 25 and No. 31.
- For purposes of the statement of cash flows, the Village's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.
- Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price at which the investment could be sold.
- Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price at which the investment could be sold.
- f. Receivables
- Receivables consist primarily of property taxes, intergovernmental and other miscellaneous amounts due the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- g. Employees' Deferred Compensation Plan
- The Village offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of compensation until future years. The deferred amount is not available to employees until termination, retirement, death or unforeseeable emergency. The assets have been placed in trust for the benefit of the employees and, accordingly, are not reported in these financial statements.
- h. Prepaid Items/Expenses
- Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.
- i. Capital Assets
- Capital assets, which include property, plant, equipment and infrastructure assets on a prospective basis (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year.
- Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.
- The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.
- Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:
- |                                     | Years |
|-------------------------------------|-------|
| Buildings and Building Improvements | 5-50  |
| Waterworks System                   | 10-40 |
| Equipment                           | 3-30  |
| Infrastructure                      | 10-50 |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

Vested or accumulated employee leave balances are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated employee leave balances of proprietary funds and governmental activities are recorded as an expense and liability of those funds as the benefits accrue to employees.

k. Long-Term Obligations

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

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

l. Net Assets/Fund Balances

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

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

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

n. Interfund Receivables/Payables

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

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

2. CASH AND INVESTMENTS

Cash and investments are held separately and in pools by several of the Village's funds. The Village invests these funds pursuant to an investment policy adopted by the Board of Trustees. The deposits and investments of the Pension Trust Funds are held separately.

The Village's investment policy and state statutes authorize the Village to make deposits/invest 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, local government bonds within the four highest rating classifications, Illinois Funds and IMET.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

The Police and Fire Pension Funds can invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts. The Police Pension Fund can also invest in equity mutual funds and equity securities. The Firefighters' Pension Fund can also invest in equity mutual funds.

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 objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an independent third party in the name of the Village and evidenced by a written collateral agreement.

b. Village Investments

The following table presents the investments and maturities of the Village's debt securities and money market funds as of April 30, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 2,623,291	\$ 2,623,291	\$ -	\$ -	\$ -
IMET	4,262,525	4,262,525	-	-	-
<b>TOTAL</b>	<b>\$ 6,885,816</b>	<b>\$ 6,885,816</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-year period. The investment policy limits the maximum maturity length of investments to two years from the date of purchase.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

b. Village Investments (Continued)

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 money market mutual funds and U.S. Treasury and U.S. agency obligations. As of April 30, 2011, Illinois Funds and IMET are rated AAA by Standard and Poor's.

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) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Village's name. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk - The Village's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to no more than 40% of the portfolio, except for U.S. Treasury obligations.

The Village's investment policy specifically prohibits the use of or the investment in derivatives and tri-party repurchase agreements.

c. Police and Firefighters' Pension Funds Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police and Firefighters' Pension Funds' deposits may not be returned to them. The Firefighters' Pension Fund's and the Police Pension Fund's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an independent third party in the name of the Pension Fund and evidenced by a written collateral agreement.



VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

d. Police Pension Fund Investments

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Mutual Funds	\$ 1,461,269	\$ -	\$ 1,461,269	\$ -	\$ -
TOTAL	\$ 1,461,269	\$ -	\$ 1,461,269	\$ -	\$ -

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 operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

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 obligations guaranteed by the U.S. Government or securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government.

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. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name.

Concentration of credit risk - The Police Pension Fund's investment policy limits the amount of the portfolio that can be invested in any investment class as follows but does limit the investment in any one investment vehicle:

Diversification by Investment Class	Maximum Percent of Portfolio	Targeted Percent of Portfolio
Equities	45%	40%
Fixed Income	100%	60%
Cash	100%	0%

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

The Police Pension Fund's investment policy specifically prohibits the use of or the investment in derivatives, tri-party repurchase agreements and reverse repurchase agreements.

e. Firefighters' Pension Fund Investments

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 31,036	\$ 31,036	\$ -	\$ -	\$ -
U.S. Agency Obligations	642,323	50,242	219,614	292,242	80,225
TOTAL	\$ 673,359	\$ 81,278	\$ 219,614	\$ 292,242	\$ 80,225

In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period.

The Firefighters' 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 obligations guaranteed by the U.S. Government or securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government. The U.S. agency obligations and Illinois Funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party acting as the Firefighters' Pension Fund's agent separate from where the investment was purchased in the Firefighters' Pension Fund's name, unless an excess SIPC policy has been put in place by the custodian.

2. CASH AND INVESTMENTS (Continued)

e. Firefighters' Pension Fund Investments (Continued)

Concentration of credit risk - The Firefighters' Pension Fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to 10% of the total portfolio.

The Firefighters' Pension Fund's investment policy specifically prohibits the use of or the investment in derivatives, tri-party repurchase agreements, reverse repurchase agreements and the use of margins.

3. PROPERTY TAXES

The Village's property tax is levied each calendar year on all taxable real property located in the Village. For governmental funds property taxes are recognized as revenue in the year intended to finance if collected within 60 days subsequent to year end. At the government-wide level, property taxes are recognized as revenue in the year intended to finance, regardless of when collected.

The County Assessor is responsible for assessment of all taxable real property within DuPage County (the County), except for certain railroad property which is assessed directly by the state. The Township assessor is responsible for assessment of all taxable real property. Reassessments occur based on market conditions. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the 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 shares of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following year. Taxes must be levied by the last Tuesday in December of the levy year and the levy becomes an enforceable lien against the property as of January 1 of the levy year. The 2011 tax levy, which attached as an enforceable lien on property as of January 1, 2011, has not been recorded as a receivable as of April 30, 2011 as the tax has not yet been levied by the Village and will not be levied until December 2011 and, therefore, the levy is not measurable at April 30, 2011.

4. CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated	\$ 1,977,500	\$ -	\$ -	\$ 1,977,500
Land	2,145,000	128,783	-	2,273,783
Construction in Progress	390,895	26,646	390,895	26,646
Total Capital Assets not Being Depreciated	4,513,395	155,429	390,895	4,277,929
Capital Assets Being Depreciated				
Buildings	5,977,058	-	-	5,977,058
Improvements Other than Buildings	272,539	66,100	-	338,639
Equipment	3,211,686	140,558	303,826	3,048,418
Storm Sewers	26,505	-	-	26,505
Streets	3,976,652	384,427	-	4,361,059
Total Capital Assets being Depreciated	13,464,420	591,085	303,826	13,751,679
Less Accumulated Depreciation for				
Buildings	1,586,277	138,416	-	1,724,693
Improvements Other than Buildings	144,041	18,696	-	162,737
Equipment	1,932,357	232,868	279,450	1,885,775
Storm Sewers	3,180	1,060	-	4,240
Streets	418,152	150,275	-	568,427
Total Accumulated Depreciation	4,084,007	541,315	279,450	4,345,872
Total Capital Assets Being Depreciated, Net	9,380,413	49,770	24,376	9,405,807
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 13,893,808</b>	<b>\$ 205,199</b>	<b>\$ 415,271</b>	<b>\$ 13,683,736</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets not Being Depreciated	\$ 42,788	\$ -	\$ -	\$ 42,788
Land	1,616,866	10,418	1,616,866	10,418
Construction in Progress	1,659,654	10,418	1,616,866	53,206
Total Capital Assets not Being Depreciated				
Capital Assets Being Depreciated				
Buildings	468,549	-	-	468,549
Improvements Other than Buildings	717,777	-	-	717,777
Equipment	1,486,606	51,539	-	1,538,145
Waterworks System	7,513,423	2,181,276	-	9,694,699
Storm Sewer	26,810	-	-	26,810
Total Capital Assets Being Depreciated	10,213,165	2,232,815	-	12,445,980
Less Accumulated Depreciation for				
Buildings	381,533	8,409	-	389,942
Improvements Other than Buildings	618,603	10,056	-	628,659
Equipment	1,206,597	124,166	-	1,330,763
Waterworks System	2,696,912	212,941	-	2,909,853
Storm Sewer	1,966	1,072	-	3,038
Total Accumulated Depreciation	4,905,611	356,644	-	5,262,255
Total Capital Assets Being Depreciated, Net	5,307,554	1,876,171	-	7,183,725
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 6,967,208</b>	<b>\$ 1,886,589</b>	<b>\$ 1,616,866</b>	<b>\$ 7,236,931</b>

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental activities functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General Government	\$ 190,476
Public Safety	242,636
Public Works, Including Depreciation of General Infrastructure Assets	108,203
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 541,315</b>

5. LONG-TERM DEBT

a. Governmental Activities

The following is a summary of long-term debt transactions in the governmental activities for the year ended April 30, 2011:

	Balances May 1, 2010	Additions	Maturities and Retirements	Balances April 30, 2011	Current Portion
Accrued Compensated Absences	\$ 562,365	\$ 97,383	\$ 56,237	\$ 603,511	\$ 60,351
Net Pension Obligation	178,044	3,537	7,877	173,704	-
2002 General Obligation Alternate Revenue Source Bonds	550,000	-	425,000	125,000	125,000
2002 Series Debt Certificates	515,000	-	65,000	450,000	65,000
2005 Series Debt Certificates	2,255,000	-	115,000	2,140,000	120,000
2009 Series General Obligation Alternate Revenue Source Bonds	360,000	-	12,000	348,000	19,000
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 4,420,409</b>	<b>\$ 100,920</b>	<b>\$ 681,114</b>	<b>\$ 3,840,215</b>	<b>\$ 389,351</b>

The 2002 General Obligation Alternate Revenue Source Bonds were issued to refund the previously outstanding Certificates of Participation and Installment Contract debt and are funded by the taxes specifically designated in the Special Service Area Funds with the public benefit portion funded by a transfer from the Village's capital projects fund and are being repaid by the 2002 General Obligation Alternate Revenue Source Bond Fund.

The 2002 Series Debt Certificate was issued for the purchase of public safety equipment and is being repaid by the debt service fund also via a transfer from capital projects.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

The 2005 Series Debt Certificates were issued to fund the construction of a new police facility and are being repaid by the capital projects fund.

The net pension obligation is the cumulative difference between the annual pension cost and the actual employer contribution and is being repaid by the general fund, as is the noncurrent accrued compensated absences.

The 2009 General Obligation Alternate Revenue Source Bonds were issued to fund the costs of Special Service Area #15 improvements and are funded by the taxes specifically designated in the Special Service Area Funds with the public benefit portion funded by a transfer from the Village's capital projects fund.

b. Other Long-Term Debt

The following is a summary of long-term debt transactions of the business-type activities for the year ended April 30, 2011:

	Balances May 1, 2010	Additions	Maturities and Retirements	Balances April 30, 2011	Current Portion
2000 Water Utility Installment Contract	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
IEPA Loan *	1,057,784	539,108	-	1,596,892	-
Net Pension Obligation	1,689	-	1,689	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 1,174,473</b>	<b>\$ 539,108</b>	<b>\$ 116,689</b>	<b>\$ 1,596,892</b>	<b>\$ -</b>

\* The Illinois IEPA loan has not been closed out by the IEPA and, therefore, no repayment schedule has been determined as of April 30, 2011.

The Village, through the Illinois Environmental Protection Agency (IEPA), received zero percent interest loans for the construction of various water main replacement projects payable from water fees.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

c. Long-Term Debt Service to Maturity

Date of Issue Original Amount of Issue Interest Rate(s) Principal Payment Due Interest Payment Due	July 24, 2002		February 1, 2002	
	Principal	Interest	Principal	Interest
	\$ 65,000	\$ 20,958	\$ 125,000	\$ 5,313
2012	70,000	18,130	-	-
2013	75,000	14,980	-	-
2014	75,000	11,530	-	-
2015	80,000	8,005	-	-
2016	85,000	4,165	-	-
2017				
TOTAL	\$ 450,000	\$ 77,768	\$ 125,000	\$ 5,313

  

Date of Issue Original Amount of Issue Interest Rate(s) Principal Payment Due Interest Payment Due	February 15, 2005		September 1, 2009	
	Principal	Interest	Principal	Interest
	\$ 2,800,000		\$ 360,000	
	2.50% to 4.40%		2.00% to 5.00%	
	January 1		January 1	
	January 1 and		January 1 and	
	July 1		July 1	

  

Date of Issue Original Amount of Issue Interest Rate(s) Principal Payment Due Interest Payment Due	2005 Series Debt Certificates		General Obligation Alternate Revenue Source Bonds	
	Principal	Interest	Principal	Interest
	\$ 120,000	\$ 86,042	\$ 19,000	\$ 13,811
2012	125,000	82,022	20,000	13,383
2013	125,000	77,648	20,000	12,884
2014	130,000	73,148	21,000	12,334
2015	135,000	68,338	22,000	11,693
2016	765,000	257,448	125,000	45,707
2017-2021	740,000	82,032	121,000	15,244
2022-2025				
TOTAL	\$ 2,140,000	\$ 726,678	\$ 348,000	\$ 125,056

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

d. Noncommitment Debt

Special Service Area bonds outstanding as of the date of this report totaled \$120,000. These bonds are not an obligation of the Village and are secured by the levy of real estate taxes on certain property within the special service area. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying the tax and forwarding the collections to bondholders.

e. Conduit Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as liability in these financial statements. As of April 30, 2011, there was one IDRB series outstanding. The aggregate principal amount payable for this issue could not be determined; however, the original issue amount was refinanced in March 2004 at \$10,925,000.

6. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contributions for fiscal year 2011 were 13.85% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At April 30, 2011, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	12
Current Employees	11
Vested	1
Nonvested	
<b>TOTAL</b>	<b>24</b>

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2011, the Village's contribution was 35.54% of covered payroll.

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At April 30, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	1
Vested	-
Nonvested	-
<b>TOTAL</b>	<b>1</b>

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' 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 finance the plan, including the cost of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan. For the year ended April 30, 2011, the Village's contribution was 14.37% of covered payroll.

b. Significant Investments

Significant investments are defined as investments in any one organization that represent 5.0% or more of plan net assets for the Police or Firefighters' Pension Plans (other than U.S. Government guaranteed obligations). At April 30, 2011, there are no significant investments for the Firefighters' Pension Plan. At April 30, 2011, the Police Pension Plan had one annuity contract and three equity mutual funds that were valued at 30.9%, 30.7%, 5.4% and 12.2% of the plan net assets, respectively. Information for the IMRF is not available.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs

The annual pension costs (APC) and the net pension obligation (asset) (NPO) as of April 30, 2011 were derived from the actuarial valuations performed as of the dates and using the assumptions noted below:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2008	April 30, 2010	April 30, 2010
Actuarial Cost Method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	30 Years, Open	22 Years, Closed	22 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.25% Compounded Annually	7.25% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.00% Compounded Annually	5.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40 to 10.00%	Not Available	Not Available

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

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

	For Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2009 2010 2011	\$ 178,935 194,027 214,458	\$ 224,489 259,267 359,722	\$ 16,169 14,638 16,599
Actual Contribution	2009 2010 2011	\$ 178,935 184,461 224,024	\$ 232,762 255,986 356,185	\$ 18,206 15,235 17,010
Percentage of APC Contributed	2009 2010 2011	100.00% 95.07% 104.46%	103.69% 98.73% 99.01%	112.60% 104.08% 102.47%
NPO (Asset)	2009 2010 2011	\$ - 9,566 -	\$ 166,886 170,167 173,704	\$ (11,609) (12,206) (12,617)

The NPO at April 30, 2011 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Required Contribution Interest on Net Pension Obligation Adjustment to Annual Required Contribution	\$ 214,458 - -	\$ 356,653 12,763 (9,694)	\$ 16,819 (915) 695
Annual Pension Cost Contributions Made	214,458 224,024	359,722 356,185	16,599 17,010
Increase (Decrease) in Net Pension Obligation Net Pension Obligation (Asset), Beginning of Year	(9,566) 9,566	3,537 170,167	(411) (12,206)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ -	\$ 173,704	\$ (12,617)

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

d. Summary Financial Information

Following is summary financial information for the Police and Firefighters' Pension Funds as of and at April 30, 2011:

Statement of Net Assets	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 50,305	\$ 167,883	\$ 218,188
Investments, at Fair Value			
U.S. Government and Agency Obligations	-	642,323	642,323
Equity Mutual Funds	3,483,864	39,029	3,522,893
Debt Mutual Funds	1,461,269	-	1,461,269
Insurance Contracts	2,230,760	-	2,230,760
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Accrued Interest	-	2,819	2,819
Total Assets	7,226,198	852,054	8,078,252
<b>LIABILITIES</b>			
Accounts Payable	400	-	400
Total Liabilities	400	-	400
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 7,225,798	\$ 852,054	\$ 8,077,852

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

d. Summary Financial Information (Continued)

Changes in Plan Net Assets

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 356,185	\$ 17,010	\$ 373,195
Employee	186,308	10,730	197,038
Total Contributions	542,493	27,740	570,233
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	640,206	(2,538)	637,668
Interest	9,451	22,813	32,264
Total Investment Income	649,657	20,275	669,932
Less Investment Expense	-	(95)	(95)
Net Investment Income	649,657	20,180	669,837
Total Additions	1,192,150	47,920	1,240,070
<b>DEDUCTIONS</b>			
Pension Benefits	440,442	-	440,442
Administrative Expenses	11,235	4,873	16,108
Total Deductions	451,677	4,873	456,550
NET INCREASE (DECREASE)	740,473	43,047	783,520
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	6,485,325	809,007	7,294,332
April 30	\$ 7,225,798	\$ 852,054	\$ 8,077,852



6. DEFINED BENEFIT PENSION PLANS (Continued)

e. Funded Status

The funded status of the plans as of April 30, 2011 (December 31, 2010 for IMRF), based on actuarial valuations performed as of the same date, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 6c:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 5,999,431	\$ 11,198,172	\$ 1,029,627
Actuarial Value of Plan Assets	4,058,766	7,225,798	852,054
Unfunded Actuarial Accrued Liability (UAAL)	1,940,665	3,972,374	177,573
Funded Ratio (Actuarial Value of Plan Assets/AAL)	67.65%	64.53%	82.75%
Covered Payroll (Active Plan Members)	\$ 1,896,510	\$ 1,002,203	\$ 118,337
UAAL as a Percentage of Covered Payroll	102.33%	396.36%	150.06%

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

7. JOINT VENTURE

A summary of the Village's joint ventures is as follows:

DuPage Water Commission (DWC)

The Village is a charter customer, along with 24 other municipalities, of the DWC, and has executed a Water Supply Contract (the Contract) with the DWC for a term ending in 2024. The DWC is empowered to finance, construct, acquire and obtain Lake Michigan water from the City of Chicago and distribute it to customers through a comprehensive distribution system. The Village began receiving Lake Michigan water in 1992. The Contract provides that the Village pay its proportionate share of "fixed costs" (debt service and capital costs) to the DWC, such obligation being unconditional and irrevocable. All water purchase costs are expensed by the Village in the period the water was received.

The DWC Board consists of 11 Board members, six of whom are appointed by the DuPage County Board, and five of whom are appointed by vote of the mayors of municipalities within the DuPage County districts. The Village exercises no significant control over the activities of the DWC.

7. JOINT VENTURE (Continued)

DuPage Water Commission (DWC) (Continued)

On February 10, 1987, the DWC issued \$200,000,000 of Water Revenue Bonds, with serial bonds maturing on May 1, 1994 through 2001, and term bonds maturing on May 1, 2008 and May 1, 2014. Interest rates are fixed at 6.84%. The DWC allocated the cost to retire the Water Revenue Bonds to the participating members based on their usage of Lake Michigan water. On May 26, 1993, the DWC partially refunded its 1987 Water Revenue Bonds. This action resulted in present value interest savings of \$3.7 million.

The Village estimates that its commitment to DWC will be approximately \$67,000 annually. This estimate has been calculated using the Village's current allocation percentage of .93%. In future years, the estimates and the allocation percentage will be subject to change.

In addition, the Contract also provides that each customer is liable for its proportionate share of any costs arising from defaults in payment obligations by other customers.

To obtain DWC's financial statements, contact the administrative office of the DWC at 600 East Butterfield Road, Elmhurst, Illinois 60126.

8. PUBLIC ENTITY RISK POOLS

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

Intergovernmental Personnel Benefit Cooperative (IPBC)

The Intergovernmental Personnel Benefit Cooperative (IPBC) is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs offered by the members to their officers and employees and to the officers and employees of certain other governmental, quasi-governmental and nonprofit public service entities.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Benefit Administrator and a Treasurer. All budgeting and finance decisions are approved by the Board of Directors.

The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

To obtain IPBC's financial statements, contact the administrative office of the IPBC at 301 East Irving Park Road, Streamwood, Illinois 60107.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

8. PUBLIC ENTITY RISK POOLS (Continued)

Intergovernmental Risk Management Agency (IRMA)

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its 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; extensive risk management/loss control consulting and training programs; 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 had no liabilities to IRMA as of April 30, 2011. The Village did not have any claims that exceeded insurance coverage for the last three fiscal years.

9. INDIVIDUAL FUND DISCLOSURES

The following funds had a deficit in fund balances/net assets at April 30, 2011:

Fund	Deficit
Special Tax Allocation Special Service Area #13	\$ 487,879 43,761
The following is the advance to/from and due to/from other funds at April 30, 2011:	
Advance/Due From	Advance/Due To Amount
Water Fund	Nonmajor Governmental Funds \$ 46,000
General Fund	Special Tax Allocation Fund 19,642
Capital Projects Fund	Special Tax Allocation Fund 344,323

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

9. INDIVIDUAL FUND DISCLOSURES (Continued)

The Water Fund advanced funds to Special Service Area #13 (SSA) for improvements within the SSA. This is being repaid as property taxes are collected within the SSA.

The General and Capital Projects Funds loaned funds to Special Tax Allocation Fund as seed money to start the Tax Increment Financing District and will be repaid from future incremental revenues.

The following are the transfers between funds at April 30, 2011:

Transfer To	Transfer From	Amount
Capital Projects	General Fund	\$ 100,000
Nonmajor Governmental Funds	Capital Projects	462,299
Nonmajor Governmental Funds	Nonmajor Governmental Funds	229,925
TOTAL		\$ 792,224

The purpose of the transfers is:

- The transfer from the General Fund to the Capital Projects Fund is an annual budgeted transfer.
- The transfer from the Capital Projects Fund to the Nonmajor Governmental Funds is for the public benefit portion of the annual debt payments.
- The transfer from the Nonmajor Governmental Funds to the Nonmajor Governmental Funds provides for the transfer of property taxes collected in the established SSAs for the payment of debt.

10. CONTINGENCIES AND COMMITMENTS

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

On November 15, 2010, the Village entered into a redevelopment agreement and a sales tax sharing agreement with a developer to develop a parcel of property in the Village's tax increment financing district (TIF). Pursuant to the redevelopment agreement, the Village has agreed to reimburse the developer up to \$500,000 from future incremental property taxes for certain development costs if certain development dates are met, and those were met as of April 30, 2011.

VILLAGE OF CLARENDON HILLS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

10. CONTINGENCIES AND COMMITMENTS (Continued)

In addition, the Village has entered into a sales tax sharing agreement with the developer whereby the Village and developer will share 50%-60% of the sales tax revenues generated by the development during the first 10 years and 50% in years 11-15, up to a maximum of \$4,800,000. No amounts were owed to the developer as of April 30, 2011 under this portion of the agreement as the development has not generated any sales tax revenues as of that date.

11. OTHER POSTEMPLOYMENT BENEFITS

The Village allows employees, who retire through one of the Village's three pension plans disclosed in Note 6, the option to continue in the Village's health insurance plan as required by ILCS, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Village's health insurance plan is considered a community rated plan. In addition, the Village has no explicit subsidy as defined in GASB S-45.

12. SUBSEQUENT EVENT

On August 1, 2011, the Village issued \$500,000 in General Obligation Alternate Revenue Source Bonds. These were issued to fund the costs of Special Service Area improvements and are funded by the taxes specifically designated in the Special Service Area Funds.

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## **APPENDIX B**

### **DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Certificates (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the President and Board of Trustees of the Village of Clarendon Hills, DuPage County, Illinois (the “*Village*”), passed preliminary to the issue by the Village of its fully registered Refunding Debt Certificates, Series 2012 (the “*Certificates*”), to the amount of \$\_\_\_\_\_, dated February 27, 2012, due serially on January 1 of the years and in the amounts and bearing interest as follows:

YEAR	AMOUNT	INTEREST RATE
2013	\$	%
2014		%
2015		%
2016		%
2017		%
2018		%
2019		%
2020		%
2021		%
2022		%
2023		%
2024		%
2025		%

the Certificates due on or after January 1, 2021, being subject to redemption prior to maturity at the option of the Village as a whole or in part in any order of their maturity (less than all of the Certificates of a single maturity to be selected by the Certificate Registrar), on January 1, 2020, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of certificate prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the Village, and the Certificates are payable from any funds of the Village legally available for such purpose, except that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. There is no statutory authority for the levy of a separate tax in addition to other Village taxes or the levy of a special tax unlimited as to rate or amount to pay the principal and interest due on the Certificates. We express no opinion as to (a) the ability or the likelihood of the Village to make such payments when due or (b) the validity or feasibility of any future financings that the Village may undertake in order to provide funds to make such payments.

It is our opinion that, subject to the Village's compliance with certain covenants, under present law, interest on the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Village covenants could cause interest on the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. Ownership of the Certificates may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Certificates and the yield on certain investments by Sikich LLP, Certified Public Accountants, Aurora, Illinois.

It is also our opinion that the Certificates are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Certificates.

In rendering this opinion, we have relied upon certifications of the Village with respect to certain material facts within the Village's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**OFFICIAL BID FORM**  
(Open Speer Auction)

Village of Clarendon Hills  
One North Prospect Avenue  
Clarendon Hills, Illinois 60514-1292

February 6, 2012  
Speer Financial, Inc.

Members of the Board:

For the \$2,425,000\* Refunding Debt Certificates, Series 2012 (the "Certificates"), of the Village of Clarendon Hills, DuPage County, Illinois (the "Village"), as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you \$\_\_\_\_\_ (no less than \$2,400,000) for Certificates bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). The dated date and delivery date for the Certificates is expected to be on or about February 27, 2012. **The premium or discount is subject to adjustment allowing the same gross spread per \$1,000 certificate as bid herein and assuming a delivery date of February 27, 2012.**

**MATURITIES\* - JANUARY 1**

\$110,000 ..... 2013 _____ %	\$235,000 ..... 2017 _____ %	\$175,000 ..... 2022 _____ %
230,000 ..... 2014 _____ %	160,000 ..... 2018 _____ %	180,000 ..... 2023 _____ %
230,000 ..... 2015 _____ %	165,000 ..... 2019 _____ %	185,000 ..... 2024 _____ %
235,000 ..... 2016 _____ %	165,000 ..... 2020 _____ %	185,000 ..... 2025 _____ %
	170,000 ..... 2021 _____ %	

*Any consecutive maturities may be aggregated into no more than five term certificates at the option of the bidder,  
in which case the mandatory redemption provisions shall be on the same schedule as above.*

Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_  
Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_

The Certificates are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The Village will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Certificates with the CUSIP numbers as entered on the Certificates.

As evidence of our good faith, we have wire transferred or enclosed herewith a check or Surety Bond payable to the order of the Treasurer of the Village in the amount of **TWO PERCENT OF PAR** (the "Deposit") under the terms provided in your Official Notice of Sale. Attached hereto is a list of members of our account on whose behalf this bid is made.

**Form of Deposit**

Check One:

Certified/Cashier's Check ☐  
Financial Surety Bond ☐  
Wire Transfer ☐

Amount: \$48,500

**Account Manager Information**

Name \_\_\_\_\_  
Address \_\_\_\_\_  
By \_\_\_\_\_  
City \_\_\_\_\_ State/Zip \_\_\_\_\_  
Direct Phone (\_\_\_\_\_) \_\_\_\_\_  
FAX Number (\_\_\_\_\_) \_\_\_\_\_  
E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

**We have purchased  
insurance from:**

**Name of Insurer**  
(Please fill in)

**Premium:** \_\_\_\_\_

**Maturities: (Check One)**

☐ \_\_\_\_\_ Years

☐ All

The foregoing bid was accepted and the Certificates sold by the Village on February 6, 2012, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

VILLAGE OF CLARENDON HILLS, DUPAGE COUNTY, ILLINOIS

\*Subject to change.

\_\_\_\_\_  
President

----- **NOT PART OF THE BID** -----  
(Calculation of true interest cost)

	Bid	Post Sale Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
True Interest Cost	\$	
True Interest Rate	%	%
TOTAL CERTIFICATE YEARS	16,317.78	
AVERAGE LIFE	6.729 Years	Years



## OFFICIAL NOTICE OF SALE

**\$2,425,000\***

### **VILLAGE OF CLARENDON HILLS**

**DuPage County, Illinois  
Refunding Debt Certificates, Series 2012**

*(Open Speer Auction)*

The Village of Clarendon Hills, DuPage County, Illinois (the "Village"), will receive **open auction** electronic bids on the SpeerAuction ("SpeerAuction") website address "www.SpeerAuction.com" for its \$2,425,000\* Refunding Debt Certificates, Series 2012 (the "Certificates"), on an all or none basis between 10:00 A.M. and 10:15 A.M., C.S.T., Monday, February 6, 2012. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the Village's sale (as described below). Award will be made or all bids rejected at a meeting of the Board of Park Commissioners on that date. The Village reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Certificates and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

The obligation to make payments due on the Certificates is a direct general obligation of the Village payable from the general funds of the Village and such other sources of payment as are otherwise lawfully available and that the Village will appropriate funds annually and in a timely manner so as to provide for the making of all payments thereon when due. **THERE IS NO STATUTORY AUTHORITY FOR THE LEVY OF A SEPARATE TAX IN ADDITION TO OTHER TAXES OF THE VILLAGE OR THE LEVY OF A SPECIAL TAX UNLIMITED AS TO RATE OR AMOUNT TO PAY ANY OF THE AMOUNTS DUE ON THE CERTIFICATES.**

#### **Bidding Details**

Bidders should be aware of the following bidding details associated with the sale of the Certificates.

- (1) All bids must be submitted on the SpeerAuction website at [www.SpeerAuction.com](http://www.SpeerAuction.com). **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the Village shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to the Auction Administrator, Grant Street Group, at (412) 391-5555 x 370.
- (2) If any new bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (3) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid, the prior bid will remain valid.
- (4) The last bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3<sup>rd</sup>" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been successfully submitted.

#### **Rules of SpeerAuction**

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

*\*Subject to change.*

## Rules

- (1) A bidder ("Bidder") submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Certificates at the rates and prices of the winning bid, if acceptable to the Village, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the Village.
- (2) **Neither the Village, Speer Financial, Inc., nor Grant Street Group (the "Auction Administrator") is responsible for technical difficulties that result in the loss of the Bidder's internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.**
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the Village exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's SpeerAuction password.
- (9) If two bids submitted in the same auction by two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to the Auction Administrator within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Certificates are definitively awarded to the winning bidder only upon official award by the Village. If, for any reason, the Village fails to: (i) award Certificates to the winner reported by SpeerAuction, or (ii) deliver Certificates to winning bidder at settlement, neither the Village, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The Village reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the Village reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Certificates and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

The Certificates will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Certificates will be paid. Individual purchases will be in book-entry form only. Interest on each certificate shall be paid by check or draft of the Certificate Registrar to the person in whose name such certificate is registered at the close of business on the fifteenth day of the month next preceding an interest payment date. The principal of the Certificates shall be payable in lawful money of the United States of America at the office principal corporate trust of the Certificate Registrar in Chicago, Illinois. Interest is due January 1 and July 1, commencing July 1, 2012, and is payable by U.S. Bank, National Association, Chicago, Illinois. (the "Certificate Registrar"). The Certificates are dated as of the date of delivery (expected to be on or about February 27, 2012).

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Certificates will be issued as Registered Certificates in the name of the purchaser. At the request of such winning bidder, the Village will assist in the timely conversion of the Registered Certificates into book-entry bonds with DTC as described herein.

### MATURITIES\* – JANUARY 1

\$110,000 .....	2013	\$235,000 .....	2017	\$175,000 .....	2022
230,000 .....	2014	160,000 .....	2018	180,000 .....	2023
230,000 .....	2015	165,000 .....	2019	185,000 .....	2024
235,000 .....	2016	165,000 .....	2020	185,000 .....	2025
		170,000 .....	2021		

*Any consecutive maturities may be aggregated into no more than five term certificates at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

Certificates due January 1, 2013-2020, inclusive, are non-callable. Certificates due on January 1, 2021-2025, are callable in whole or in part on any date on or after January 1, 2020, at a price of par plus accrued interest. If less than all the Certificates are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed three percent (3%). All bids must be for all of the Certificates, and must be for not less than \$2,400,000.

Award of the Certificates: The Certificates will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Certificates from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Certificates shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Certificates will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the Village as determined by the Village's Financial Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the Village reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the Village's Financial Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The Village or its Financial Advisor will notify the bidder to whom the Certificates will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8 and G-11. The winning bidder will be required to pay the standard MSRB charge for Certificates purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per certificate.

Each bid shall be accompanied by a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company or a Financial Surety Bond for **TWO PERCENT OF PAR** payable to the Treasurer of the Village as evidence of good faith of the bidder (the "Deposit"). The Deposit of the successful bidder will be retained by the Village pending delivery of the Certificates and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Certificates when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the Village caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Certificates. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago  
Corporate Trust  
One West Monroe  
Chicago, IL 60603  
ABA # 071003405  
Credit to: 1853281001 Speer Bidding Escrow  
RE: Village of Clarendon Hills, DuPage County, Illinois  
bid for the \$2,425,000\* Refunding Debt Certificates, Series 2012

The wire shall arrive in such account no later than 30 minutes prior to the date and time of the sale of the Certificates. Contemporaneously with such wire transfer, the bidder shall send an email to [biddingscrow@aboc.com](mailto:biddingscrow@aboc.com) with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Certificates. The Village and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the Village; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

If a Financial Surety Bond is used for the Deposit, it must be from an insurance company licensed to issue such a bond in the State of Illinois and such bond must be submitted to Speer prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose deposit is guaranteed by such Financial Surety Bond. If the Certificates are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its Deposit to the Village in the form of a certified or cashier's check or wire transfer as instructed by Speer, or the Village not later than 3:00 P.M. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Village to satisfy the Deposit requirement.

The Village covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the Village for the benefit of the beneficial owners of the Certificates on or before the date of delivery of the Certificates as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter. There have been no instances in the previous five years in which the Village failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

The Underwriter's obligation to purchase the Certificates shall be conditioned upon the Village delivering the Undertaking on or before the date of delivery of the Certificates.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Village in the Certificate transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Certificate Counsel arising from any adverse position to the Village in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Certificates will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about February 27, 2012. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the Village except failure of performance by the purchaser, the Village may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Certificates will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Certificates, and any other information required by law or deemed appropriate by the Village, shall constitute a "Final Official Statement" of the Village with respect to the Certificates, as that term is defined in the Rule. By awarding the Certificates to any underwriter or underwriting syndicate, the Village agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Certificates are awarded, up to 100 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Village shall treat the senior managing underwriter of the syndicate to which the Certificates are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Certificates agrees thereby that if its bid is accepted by the Village it shall enter into a contractual relationship with all Participating Underwriters of the Certificates for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Certificates. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The Village will, at its expense, deliver the Certificates to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the Village will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Certificates: (1) the unqualified opinion of Chapman and Cutler LLP, Chicago, Illinois, stating that the Certificates are lawful and enforceable obligations of the Village in accordance with their terms; (2) the opinion of said attorneys that the interest on the Certificates is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Certificates; and (3) a no litigation certificate by the Village.

The Village intends to designate the Certificates as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Village has authorized the printing and distribution of an Official Statement containing pertinent information relative to the Village and the Certificates. Copies of such Official Statement or additional information may be obtained Ms. Peg Hartnett, Finance Director, Village of Clarendon Hills, One North Prospect Avenue, Clarendon Hills, Illinois 60514-1292, telephone (630) 286-5400 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Debt Auction Center/Official Statements Sales Calendar/Competitive" from the Independent Public Finance Consultants to the Village, Speer Financial, Inc., One North LaSalle Street, Suite 4100, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ **THOMAS F. KARABA**  
*Village President*  
VILLAGE OF CLARENDON HILLS  
DuPage County, Illinois

/s/ **PEG HARTNETT**  
*Finance Director*  
VILLAGE OF CLARENDON HILLS  
DuPage County, Illinois