

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Year Ended April 30, 2011



Prepared by the Finance Department

Thomas F. Kuehne, Finance Director/Treasurer
Robert C. Buechner Jr., Deputy Finance Director
Mary Juarez, Chief Accountant

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials.....	i
Table of Organization.....	ii
Certificate of Achievement for Excellence in Financial Reporting	iii
Letter of Transmittal.....	iv-vii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis	MD&A 1-12
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	9

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Proprietary Funds	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets.....	11
Statement of Cash Flows	12-13
Fiduciary Funds	
Statement of Fiduciary Net Assets.....	14
Statement of Changes in Fiduciary Net Assets	15
Notes to Financial Statements	16-68
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	69
Schedule of Funding Progress	
Illinois Municipal Retirement Fund.....	70
Police Pension Fund	71
Firefighters' Pension Fund	72
Other Postemployment Benefits Plan.....	73
Other Postemployment Benefist Plan - Arlington Heights Memorial Library ...	74
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund.....	75
Police Pension Fund	76
Firefighters' Pension Fund	77
Other Postemployment Benefits Plan.....	78
Other Postemployment Benefits Plan - Arlington Heights Memorial Library ...	79
Notes to Required Supplementary Information.....	80-81

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund	
Balance Sheet	82
Schedule of Revenues - Budget and Actual.....	83-85
Schedule of Expenditures - Budget and Actual	86
Schedule of Detailed Expenditures - Budget and Actual	87-90
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	91
Capital Projects Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	92

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	93-95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96-98
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund	99
Community Development Block Grant Fund	100
First Time Homebuyer Grant Fund	101
Fire Academy Fund.....	102
Foreign Fire Insurance Fund	103
Criminal Investigations Fund.....	104
Municipal Parking Operations Fund.....	105
TIF I South Fund	106
TIF II North Fund.....	107
TIF III Fund	108
TIF IV Fund.....	109
TIF V Fund.....	110

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
 AND SCHEDULES (Continued)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Capital Projects Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual

Flood Control Phase V Fund	111
Public Building Fund.....	112

MAJOR ENTERPRISE FUND

Statement of Net Assets - Water and Sewer Fund.....	113
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual - Water and Sewer Fund.....	114
Schedule of Operating Expenses - Budget and Actual - Water and Sewer Fund	115-117

NONMAJOR ENTERPRISE FUNDS

Combining Statement of Net Assets - Nonmajor Proprietary Funds	118
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Proprietary Funds	119
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	120-121
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	
Solid Waste Disposal Fund	122
Arts, Entertainment & Events Fund.....	123

INTERNAL SERVICE FUNDS

Combining Statement of Net Assets	124-125
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	126-127
Combining Statement of Cash Flows	128-131
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	
Health and Life Insurance Fund	132
Retiree Health Insurance Fund.....	133
General Liability Insurance Fund.....	134
Workers' Compensation Fund	135
Fleet Operations Fund	136

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES (Continued)

INTERNAL SERVICE FUNDS (Continued)

Schedule of Operating Expenses - Budget and Actual - Fleet Operations Fund	137-138
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual - Technology Fund	139

FIDUCIARY FUNDS

Combining Statement of Net Assets	140-141
---	---------

PENSION TRUST FUNDS

Combining Statement of Changes in Net Assets	142
Schedule of Changes in Net Assets - Budget and Actual Police Pension Fund.....	143
Firefighters' Pension Fund.....	144

AGENCY FUNDS

Combining Statement of Changes in Assets and Liabilities	145-146
--	---------

SUPPLEMENTAL DATA

Long-Term Debt Requirements	
General Obligation Refunding Bonds, Series 2003A.....	147
General Obligation Refunding Bonds, Series 2003B.....	148
General Obligation Bonds, Series 2004.....	149
General Obligation Bonds, Series 2005.....	150
General Obligation Bonds, Series 2006.....	151
General Obligation Refunding Bonds, Series 2006A.....	152
General Obligation Refunding Bonds, Series 2009A.....	153
General Obligation Bonds, Series 2009B.....	154
General Obligation Refunding Bonds, Series 2010.....	155

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
STATISTICAL SECTION	
Financial Trends	
Net Assets by Component.....	156
Change in Net Assets	157-160
Fund Balances of Governmental Funds.....	161
Changes in Fund Balances of Governmental Funds	162-163
Revenue Capacity	
Police Pension Fund - Tax Levies and Contributions	164
Firefighters' Pension Fund - Tax Levies and Contributions	165
Assessed Value and Actual Value of Taxable Property.....	166
Property Tax Rates - Direct and Overlapping Governments	167
Principal Property Taxpayers.....	168
Property Tax Levies and Collections.....	169
Debt Capacity	
Ratios of Outstanding Debt by Type	170
Ratios of General Bonded Debt Outstanding	171
Direct and Overlapping Governmental Activities Debt	172
Schedule of Legal Debt Margin	173
Pledged-Revenue Coverage	174
Demographic and Economic Information	
Demographic and Economic Information	175
Principal Employers	176
Operating Information	
Full-Time Equivalent Village Government Employees by Function/Program	177
Operating Indicators	178
Capital Asset Statistics.....	179

INTRODUCTORY SECTION

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL OFFICERS

APRIL 30, 2011

VILLAGE BOARD

Arlene J. Mulder, Village President

Carol Blackwood

Thomas W. Hayes

Norman Breyer

Bert Rosenberg

Joseph C. Farwell

John Scaletta

Thomas Glasgow

Thomas F. Stengren

ADMINISTRATION

Village Manager, Bill Dixon

Village Attorney Jack Siegel

Village Clerk..... Rebecca Hume

Assistant to the Village Manager..... Diana Mikula

Human Resources Manager Mary Rath

Assistant Village Attorney (General Counsel) Robin Ward

Finance Director/Treasurer Thomas F. Kuehne

Chief of Police Gerald Mourning

Fire Chief Glenn Ericksen

Director of Planning & Community Development..... Charles Witherington-Perkins

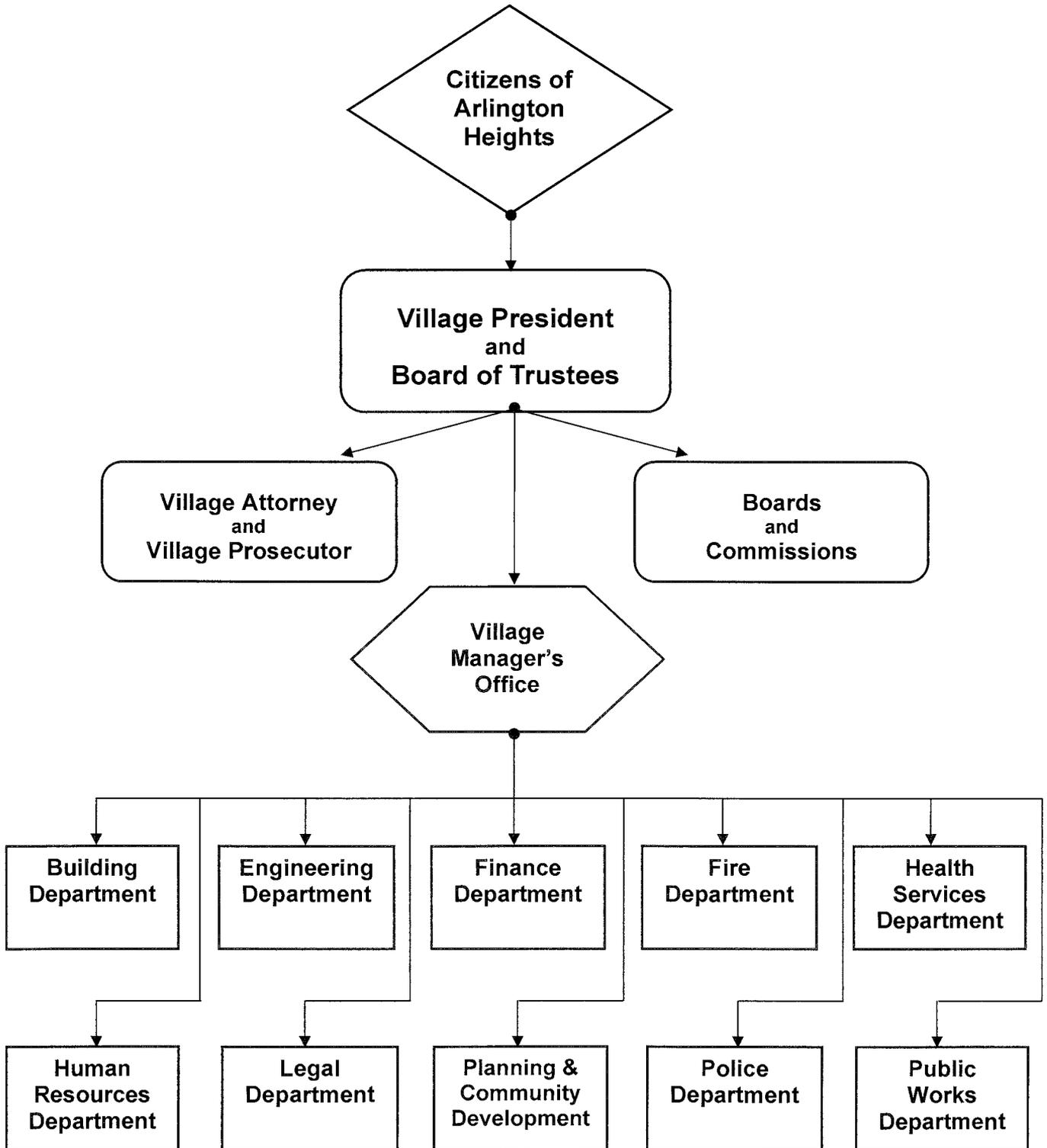
Acting Building Director James McCalister

Director of Engineering Jim Massarelli

Director of Health Services..... James McCalister

Public Works Director Scott Shirley

Village of Arlington Heights



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Arlington Heights
Illinois

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

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



President



Executive Director



Village of Arlington Heights

33 South Arlington Heights Road
Arlington Heights, Illinois 60005-1499
(847) 368-5000
Website: www.vah.com

September 10, 2010

The President and Members
of the Board of Trustees and the
Village Manager of the
Village of Arlington Heights

The Comprehensive Annual Financial Report (CAFR) of the Village of Arlington Heights (Village) for the year ended April 30, 2010, is hereby submitted as required by the Illinois Compiled Statutes. State law requires that the Village issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the Village of Arlington Heights. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village of Arlington Heights' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Arlington Heights for the fiscal year ended April 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon audit, that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements for the fiscal year ended April 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

Profile of the Village of Arlington Heights

The Village of Arlington Heights is located 25 miles northwest of the City of Chicago in Cook County, Illinois. It was incorporated in 1887. Figures from the Village's 2005 Special Census place the population at 76,943 and the Village has an area of approximately 16.6 square miles. It is a home rule community as defined by the Illinois Constitution. Arlington Heights is a very livable community with excellent schools, an outstanding park system, dependable village services, a diverse housing stock and easy access to the major expressways and O'Hare International Airport. There are 23,608 owner-occupied units and 7,155 rental units with considerable high-rise and multi-family residential development in and around the Downtown area.

The Village operates under the Council/Manager form of government. Policymaking and legislative authority are vested in the Village Board, which consists of a President and eight Trustees. The Village Board is responsible, among other things, for passing ordinances, adopting the budget, appointing members to Boards and Commissions and hiring the Village Manager, Village Attorney, and Prosecuting Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board, for overseeing the day-to-day operations of the Village and for appointing employees including the heads of the Village's departments. The Board is elected on a non-partisan basis. Board members are elected for four-year staggered terms with four Board members elected every two years. The President is elected to a four-year term. The President and Village Trustees are elected at large.

The Village provides a full range of general government services including public safety, community development, community services and public works, as well as construction and maintenance of the Village's infrastructure. In addition to the Village's general governmental activities, the Village provides water and sewer services, Senior Center, Health Services, and maintains several parking garages and surface parking lots.

As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units. The decision to include a component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the Village. Based on this criterion, the CAFR includes the financial activity of the Arlington Heights Memorial Library as a discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the Village.

Major Initiatives

The Village staff, following specific directives of the Village Board and the Village Manager, has been involved in a variety of projects throughout the year; these projects reflect the Village's commitment to ensuring that its citizens are able to live and work in a desirable environment. The most significant of these projects are discussed below:

- Over \$5.5 million was spent on the ongoing street resurfacing and street reconstruction programs.
- Continued work on the \$3.9 million Northwest Highway/Davis Street/Arthur Avenue intersection improvement. The project involves the widening, resurfacing and channelization of roadways, traffic signal modernization and railroad grade crossing widening at the intersection. Federal Surface Transportation Program (STP) grant funding has been obtained for 50% of the right-of-way costs and 70% of the construction costs.
- Other significant projects include completion of the \$750,000 emergency generator at the Senior Center and \$534,000 spent on sidewalk and curb replacement throughout the Village.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village operates.

Local economy – The Village has a well-established reputation as a preeminent community located in the northwestern corridor of the Chicago metropolitan area. There is now relatively little undeveloped land in the Village. The Village's economic base is somewhat diversified with income and housing indices well above State levels. While primarily considered a residential community, there is a significant commercial base and a large retail sector. The Equalized Assessed Value of the property in the Village is split 56% residential and 44% commercial and industrial.

The Village maintains a very aggressive economic development program. The components include business retention, business attraction, business assistance and special programs. This results in increased property and sales tax revenue, higher employment rates and a stable economic base. Arlington Heights also enjoys a thriving Downtown area, which contains a mix of multi-story housing, office space, restaurants, retailers, specialty stores and business services. Tax Increment Financing (TIF) Districts have been instrumental in creating this vital commercial area and development activities are still occurring in the Downtown area.

On an annual basis the Village prepares a five-year capital improvement program and a separate three-year operating fund projection. These long-range planning documents project revenue and expense trends and allow the Village to anticipate structural budget concerns. The Village's current financial condition is healthy as the key operating funds, the General Fund and the Water & Sewer Fund, both have comfortable fund balances.

Economic downturn – The economic recession due to the nation's faltering banking and credit system has had a profound effect on the Village's sales and income tax receipts over the last two fiscal years. Year end results for FY2008 compared to FY2010 show that General Fund sales and income tax receipts decreased by a combined \$2.4 million. As a result of these revenue losses combined with significant pension expenditure increases, during FY2009 and FY2010 the Village has reduced its total staffing level by 40 positions or over 8% through attrition and layoffs. Some long standing programs were also eliminated such as "Too Good for Drugs" and the Teen Center. Other services have been reduced and the lives of capital assets have been extended. After making significant expenditure cuts the Village also acted to replace lost revenues by increasing the home-rule sales tax by ¼% and implemented electric and natural gas utility taxes for the first time. During FY2011 the Village will continue to monitor the depth and length of the economic downturn, and will consider additional revenue and expenditure adjustments as needed.

Cash management policies and practices – Cash temporarily idle during the year was invested in money market funds, certificates of deposit, the Illinois Metropolitan Investment Fund (IMET) and the Illinois State Treasurer's pool (Illinois Funds). The maturities of the investments range from being immediately accessible (Illinois Funds) to two to three years (IMET). The maximum maturity for the certificates of deposit is 360 days. The average yield on investments was .9% for the Village and actuarial yields as of May 1, 2010 of .9% for the Police Pension Fund, and 3.4% for the Firefighters' Pension Fund. The public safety pension funds can usually earn a higher rate of interest because their investment term is longer and they are permitted to invest a portion of their monies in equities. However, annual Police and Fire pension fund losses or gains are smoothed over a three year period. As a result of the significant investment losses due to the 2008 decline in the stock market, Police and Fire pension investment results as of the April 30, 2010 fiscal year end reflect the second year of smoothing the extraordinary losses. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the Village intends to hold to maturity. Investments are made in accordance with State statutes and Village policy. The Village Board adopted an Investment Policy covering all funds it governs on September 21, 1999. Police and Firefighters' pension funds are covered by separate policies because these funds are governed by separate boards.

Risk Management – The Village participates in a self-insurance pool consisting of 13 area municipalities for excess liability protection, which provides \$11 million of coverage over a \$2,000,000 self-insured retention.

The Village also purchased an excess liability policy that provides \$1 million of coverage, lowering our self-insured retention to \$1 million. In addition, the Village self-insures for workers' compensation up to \$750,000 per occurrence.

The Village offers to its employees three basic types of health insurance plans, a conventional HMO plan, a Blue Advantage HMO plan comprised of a smaller, more localized network, and a self-insured PPO plan administered by a third party, all of which are offered to retirees who pay their insurance premiums in full. The Village is protected from catastrophic losses in the self-insured plan through the purchase of a stop-loss insurance policy. One of the functions of the Village's risk management operation is to organize various health and safety programs to minimize insurance related losses.

Pension and other post employment benefits – The Village's sworn police officers participate in the Police Pension Employees Retirement System (PPERS), which is a single employer, defined benefit plan governed by a five-member pension board. The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS), which is a single employer, defined benefit plan governed by a five-member pension board. The defined benefits and employee contribution levels of both pension funds are governed by Illinois State statutes. The Village is authorized to approve the actuarial assumptions used to determine employer contribution levels. The most recent actuarial valuation as of May 1, 2010 reflects funding levels of 73% for the Police Pension Fund and 64% for the Firefighters' Pension Fund.

The Village also provides pension benefits for its non-public safety employees. These benefits are provided through a statewide plan managed by the Illinois Municipal Retirement Fund (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to IMRF. The IMRF's actuarial valuation as of December 31, 2009 reflects a funding level of 69%. Additional information on the Village's pension arrangements can be found in Note #14 in the financial statements.

Awards and acknowledgements - The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2009. This was the twentieth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation especially to Robert Buechner, Deputy Finance Director and Mary Juarez, Chief Accountant, and all other members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the Village Board and Village Manager for their unfailing support in maintaining the highest standards of professionalism in the management of the Village of Arlington Heights' finances.

Respectfully submitted,



Thomas F. Kuehne
Finance Director/Treasurer

FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Board of Trustees
Village of Arlington Heights
Arlington Heights, Illinois

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2011 on our consideration of Village of Arlington Heights, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Arlington Heights, Illinois' basic financial statements. The combining and individual fund financial statements and schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplemental data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The prior year comparative information has been derived from the Village of Arlington Heights, Illinois 2010 financial statements and, in our prior year report dated September 10, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information.

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

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

Aurora, Illinois
September 12, 2011

**GENERAL PURPOSE
EXTERNAL FINANCIAL
STATEMENTS**

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

The Village of Arlington Heights (the "Village") management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and, (5) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on Page iv) and the Village's financial statements (beginning on Page 3).

Financial Highlights

- The Village's net assets increased by \$3.8 million or 1.7% during the fiscal year ending April 30, 2011. The governmental net assets increased by \$6.2 million and the business-type activities net assets decreased by \$2.4 million.
- The Village's combined Governmental Funds ending fund balance increased \$3.1 million as of April 30, 2011.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$19,581,826 or 33.14% of General Fund expenditures plus transfers out.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statement's focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government to government) and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see Pages 3-5) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see Pages 4-5) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the Village's basic services, including police, fire, planning and community development, engineering, building and health services, public works and administration. Property taxes, shared State sales, local utility and shared State income, home rule sales and food and beverage taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Water & Sewer Fund and Solid Waste Disposal Fund), where the fee for service typically covers all or most of the cost of operations, including depreciation.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statements allow the demonstration of source and uses and/or budgeting compliance associated therewith. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on major funds, rather than fund types. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

The Governmental Major Fund presentation (see Pages 6 and 8) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clean and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the Government-Wide Financial Statements. The Village maintains 19 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service and Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Village maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions presented in Business-Type Activities in the Government-Wide Financial Statements. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for its fleet operations, self-insurance and technology programs.

Proprietary Fund Financial Statements (see Pages 10-13) provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Water & Sewer Fund is considered a major fund of the Village and is presented in a separate column in the Proprietary Fund Financial Statements. The Solid Waste Disposal Fund is the Village's only non-major enterprise fund. The Internal Service Funds are combined in a single, aggregate presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds is presented elsewhere in the report.

Fiduciary Funds

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police Pension Fund, Firefighters' Pension Fund and Agency Funds, see Pages 14-15). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Statements.

While the Business-type Activities column on the Proprietary Fund Financial Statements is the same as the Business-type column at the Government-Wide Financial Statement, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see Pages 7 and 9). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements). The reconciliation also includes the Internal Service Funds' activities given that the Internal Service Funds serve primarily the Governmental Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on Pages 16-68 of this report.

(See independent auditor's report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the major governmental fund budgetary schedules and data concerning the Village’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Pages 69-81 of this report. The combining and individual fund statements for the governmental, enterprise and internal service funds are presented on Pages 82-139 of this report, immediately following the required supplementary information.

Infrastructure Assets

The Village depreciates its assets (infrastructure – roads, bridges, storm sewers, etc.) over their useful life. If a road project is considered a recurring cost that does not extend the road’s original useful life or expand its capacity, the cost of the project will be expensed. An “overlay” of a road will be considered maintenance whereas a “rebuild” of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Assets

The Village’s combined net assets increased by \$3.8 million from FY2010, increasing from \$220.5 million to \$224.3 million. The following analysis will look at net assets and net expenses of the governmental and business-type activities separately. The total net assets for the governmental activities increased by \$6.2 million from \$161.2 million to \$167.4 million. The business-type activities net assets decreased by \$2.4 million from \$59.3 million to \$56.9 million. Table 1 reflects the condensed Statement of Net Assets compared to FY2010. Table 2 focuses on the changes in net assets of the governmental and business-type activities.

**Table 1: Statement of Net Assets as of April 30, 2011
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Assets						
Current & Other Assets	102.7	98.9	23.6	24.4	126.3	123.3
Capital Assets	172.1	175.4	34.3	35.8	206.4	211.2
Total Assets	\$274.8	\$274.3	\$57.9	\$60.2	\$332.7	\$334.5
Liabilities						
Current Liabilities	41.1	41.8	0.5	0.4	41.6	42.2
Long-Term Liabilities	66.3	71.3	0.5	0.5	66.8	71.8
Total Liabilities	\$107.4	\$113.1	\$1.0	\$0.9	\$108.4	\$114.0
Net Assets						
Invested in Capital Assets, Net of Related Debt	113.5	111.4	34.3	35.8	147.8	147.2
Restricted	9.4	9.2	--	--	9.4	9.2
Unrestricted	44.5	40.6	22.6	23.5	67.1	64.1
Total Net Assets	\$167.4	\$161.2	\$56.9	\$59.3	\$224.3	\$220.5

For more detailed information see the Statement of Net Assets (Page 3).

(See independent auditor’s report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Normal Impacts on Net Assets

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

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets.

There is a second impact, an increase in invested capital assets and an increase in related net debt, which will not change the invested in capital assets, net of related debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of related debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of related debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of related debt.

Current Year Impacts on Net Assets

The Village's \$3.8 million increase of combined net assets (which is the Village's bottom line) was the result of the governmental activities net assets increasing by \$6.2 million and the business-type activities net assets decreasing \$2.4 million. The governmental activities total assets increased by \$500,000 and the governmental activities total liabilities decreased by \$5.7 million.

The governmental activities total assets increase of \$500,000 is due to a \$3.8 million increase in current and other assets, netted against a \$3.3 million decrease in capital assets as the Village's newer public buildings are depreciated over time. The General Fund's cash position increased by about \$2.1 million due to revenues coming in higher than expenditures for the fiscal year. The General Fund and Debt Service Fund property tax receivables also show an increase of about \$1.2 million over the prior period. Other taxes receivable for the General Fund decreased by about \$500,000 as of the end of FY2011.

The decrease in total liabilities of \$5.7 million was due to a decrease in current liabilities of \$.7 million and a decrease in long-term liabilities of \$5 million. Current liabilities decreased due to lower accounts payables and payroll taxes payable as a result of planned wage and benefit expenditure decreases needed to balance the FY2011 budget. The decrease in long-term liabilities is due primarily to the reduction in the Village's total bond indebtedness by \$5.5 million. This decrease was offset somewhat by an increase in net pension obligations of about \$300,000 and an increase in the Village's other post-employment benefits (OPEB) obligation of about \$200,000. As required by the Governmental Accounting Standards Board (GASB) Statement No. 45, the Village must recognize liabilities associated with explicit and implicit post-employment benefits. The only explicit OPEB offered by the Village is 100% life-time health insurance coverage for public safety officers disabled on the job as was recently mandated by the State. The Village's implicit OPEB liability arises from implicit rate subsidies under which health care premiums are typically based on a blended premium for active employees and retirees. Under the Village's current benefit package, retirees can participate in the Village's health care plan, but must pay 100% of the premium. However, as retiree costs are actuarially more significant than active employee's health care costs, the Village implicitly subsidizes the retiree rates. On a bi-annual basis, the Village must hire an actuary to calculate the value of the explicit OPEB cost and implicit subsidy.

The total assets of the business-type activities decreased by \$2.3 million from \$60.2 million to \$57.9 million. This was due to decreases in current assets and capital assets. The Water & Sewer Fund's cash position decreased by \$.8 million as planned expenses exceeded revenues for the fiscal year. Capital assets also decreased by about \$1.5

(See independent auditor's report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

million as depreciation on existing water and sewer buildings and infrastructure exceeded current year infrastructure additions. Total liabilities of business-type activities remained unchanged from year to year.

Changes in Net Assets

The Village's combined change in net assets increased by \$8.1 million, from a \$4.3 million decrease to a \$3.8 million increase in FY2011. The Village's total revenue increased by \$5.1 million. The Village's cost of all programs decreased by \$3 million. The following table shows the condensed revenues and expenses of the Village's activities:

**Table 2: Changes in Net Assets for the FY Ended April 30, 2011
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenue						
Program Revenues						
Charges for Services	11.1	11.2	14.2	13.6	25.3	24.8
Operating Grants	2.8	2.8	--	--	2.8	2.8
Capital Grants	0.9	0.1	--	--	0.9	0.1
General Revenues						
Property Taxes & Replacement Taxes	29.2	29.7	--	--	29.2	29.7
Other Taxes	34.5	29.6	0.4	0.4	34.9	30.0
Other Revenue	1.1	1.9	0.2	0	1.3	1.9
Total Revenues	\$79.6	\$75.3	\$14.8	\$14.0	\$94.4	\$89.3
Expenses						
Governmental Activities						
General Government	5.2	7.6	--	--	5.2	7.6
Public Safety	40.3	39.9	--	--	40.3	39.9
Highways & Streets	17.1	17.5	--	--	17.1	17.5
Community Development	6.3	7	--	--	6.3	7
Health & Welfare	1.9	2.4	--	--	1.9	2.4
Interest	2.6	3	--	--	2.6	3
Business Type						
Water & Sewer	--	--	15.2	14.3	15.2	14.3
Solid Waste Disposal	--	--	1.5	1.4	1.5	1.4
Arts, Ent. & Events	--	--	0.5	0.5	0.5	0.5
Total Expenses	\$73.4	\$77.4	\$17.2	\$16.2	\$90.6	\$93.6
Change in Net Assets	6.2	(2.1)	(2.4)	(2.2)	3.8	(4.3)
Ending Net Assets	\$167.4	\$161.2	\$56.9	\$59.3	\$224.3	\$220.5

(See independent auditor's report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

Normal Impacts on Revenues and Expenses

There are eight basic impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition – which can reflect a declining, stable, or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Village-Approved Rates – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes, water, sewer, building fees, home rule sales tax, prepared food tax, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (State-shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – the Village’s investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses:

Introduction of New Program – within the functional expense categories (General Government, Public Safety and Streets and Highways, etc.), individual programs may be added or deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 79% of the Village’s General Fund and 20% of Water & Sewer Fund operating costs.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

(See independent auditor’s report.)

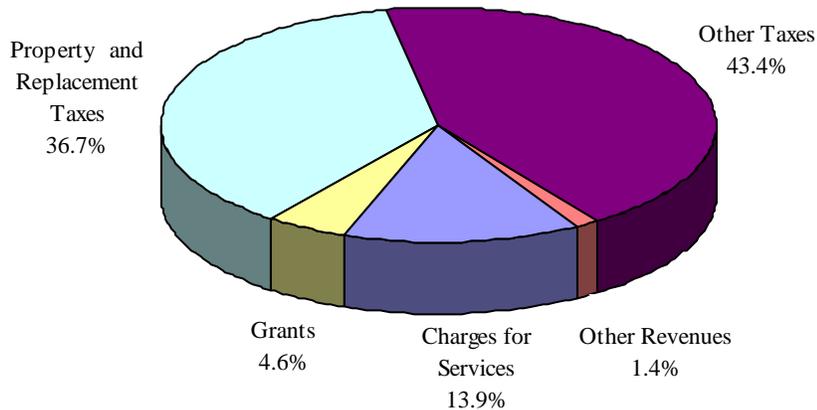
**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Current Year Impacts

Governmental Activities

Revenues:

**FY2011 Governmental Activities
Revenues by Source**



For the fiscal year ended April 30, 2011, revenues from Governmental Activities totaled \$79.6 million, which was \$4.3 million more than the prior year total. During the fiscal year property taxes and replacement taxes continue to be the Village's largest revenue category coming in at \$29.2 million and representing 36.7% of total Government Activity revenue. This includes property tax increment revenue generated by the Village's tax increment financing (TIF) districts, which brought in \$1.2 million during the fiscal year. Sales tax revenues combined with the telecommunications tax, food and beverage tax, home-rule sales tax, shared State income tax revenues, and other miscellaneous taxes total \$34.5 million representing 43% of the total Governmental Activity revenue.

For the first time in many years, Village sales tax receipts increased significantly by about \$800,000 or 8% over the prior fiscal year. Income tax receipts came in slightly below last year, declining about \$100,000 due to the continued high state unemployment rate. Telecommunication tax receipts also decreased by nearly \$400,000 or 9%, as more residents presumably opt for cell phone-only service or lower cost internet phone services through their cable provider. As part of the Village's revenue and expenditure budget balancing actions taken for the FY2011 budget, the Village approved two revenue enhancements. The home-rule sales tax was increased from .75% to 1% and electric and natural gas utility taxes were implemented at an equivalent rate of 3%. These new revenue sources replaced the significant decreases in prior year sales and income tax receipts. For FY2011 home-rule sales tax receipts increased by about \$1.5 million and the combined electric and natural gas utility taxes brought in an additional \$3.1 million.

Property taxes decreased slightly during the year. During the 2009 tax levy which was accounted for in FY2011, police and fire pension levies increased by a combined amount of about \$1.6 million. Property tax increment received from the Village's TIF districts decreased substantially by about \$2.7 million due in large part to the expiration of TIF II, which brought in about \$1.6 million in the prior fiscal year. The property tax increment from the Village's other TIF districts also decreased, due to reductions in assessed values as a result of property tax appeals by the businesses located in these TIF districts.

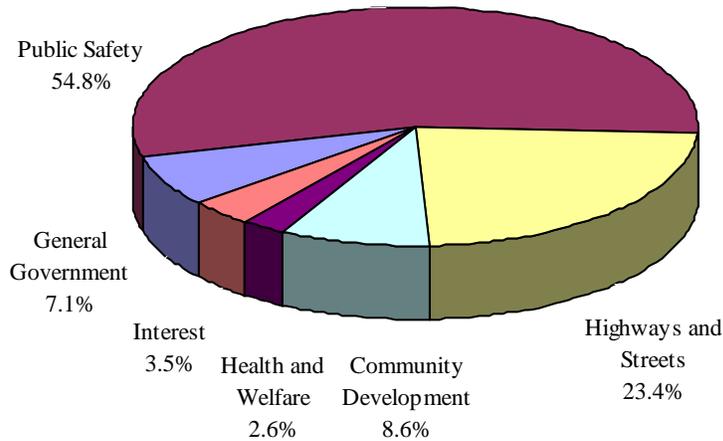
Other revenue came in almost \$800,000 lower than the prior year. Interest income came in about \$230,000 or 40% lower than last year, licenses and permits were down nearly \$300,000, and other miscellaneous revenues were also down about \$260,000 compared to the prior year.

(See independent auditor's report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

Expenses:

**FY2011 Governmental Activities
Expenditures by Function**



For the fiscal year ended April 30, 2011, expenses from Governmental Activities totaled \$73.4 million, a decrease of \$4 million or 5% lower than the prior year. This is due primarily to the significant expenditure reductions made in the Village’s General Fund in response to the economic downturn. Across all Governmental Activity functions, through attrition and layoffs the Village eliminated a total of 10 positions during FY2011. During the prior two fiscal years the Village had eliminated 30 staff positions. In addition, the tree trimming and removal programs were reduced as well as numerous other programs and services. The expenditure decreases were offset in part by the increase attributable to the other post-employment benefits (OPEB) liability discussed earlier.

General government expenses show a \$2.4 million decrease compared to the prior year. This is due primarily to last year’s one-time expense of \$1,999,697 to pay off the Illinois Municipal Retirement Fund (IMRF) Early Retirement Incentive (ERI) program that was implemented in FY2004. The balance of the difference is due to reductions in capital outlays, depreciation, and accumulated compensated absences.

Public safety expenses increased by \$400,000 over the prior year for a variety of reasons. Police and Fire department salary expenses decreased by a combined \$350,000 due to attrition, vacancies, and layoffs. This decrease was more than offset by an increase in public safety fringe benefit expenses, due to the Village’s increased payments to the public safety pension funds of about \$1.6 million as a result of the decline in the financial markets. Public safety also had a large decrease of about \$800,000 in its OPEB obligation as a result of an adjustment by the actuary to no longer include those over age 65 in determining the total actuarial liability, as those retirees qualify for Medicare supplement premiums which are self supporting. Highways & Streets and Community Development show decreases due in part to salary and fringe benefit reductions amounting to \$350,000 which is attributable to attrition, layoffs and unfilled vacancies. A larger portion of the decreases is attributable to lower capital project expenses in the current year. The prior year included higher street rehabilitation expenses and the one-time purchase of properties at the corner of Arlington Heights and Golf Roads in TIF IV. Current year capital expenses were lower in the TIF II Fund as that fund was winding down its final expenses prior to its expiration. Health and Welfare expenses decreased by \$500,000 due primarily to the closure of the Village’s Teen Center. The Center was used as an after school and weekend facility for use by area teens, but was closed by the Village due to budgetary constraints.

(See independent auditor’s report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

Business-Type Activities

Revenues:

The total revenue for the business-type activities increased by \$.8 million. This is due to the planned increase in water and sewer fees.

Expenses:

Expenses from business-type activities increased by \$1 million over the prior year due to a higher construction in progress amount for water and sewer maintenance projects.

FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

Governmental Funds

At April 30, 2011 the Governmental Funds (as presented on Page 6) reported a combined fund balance of \$42,571,295, which is a 7.3% increase from the beginning of the year balance of \$39,460,908. Of the total fund balance, \$32,907,146 is unreserved indicating availability for continuing Village services. Reserved fund balance of \$9,663,957 includes \$1,608,100 for highways and streets, \$1,744,304 for debt service, \$653,544 for public safety and \$5,986,147 for community development and other reserves.

The General Fund is the Village’s primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$2,791,526, or 15.8%, from FY2010. Revenues came in over expenditures by \$3,022,040 and other financing sources (uses) included transfers-in amounting to \$60,186. Normal transfers-out included a (\$290,700) transfer to debt service for the NWCDS (Central Dispatch) Building.

Proprietary Funds

At April 30, 2011 the Proprietary Funds (as presented on Pages 10-13) total net assets decreased by \$2,386,862, or 4.0%. In the Water and Sewer Fund cash and investments decreased by about \$.9 million due to planned expenses coming in higher than revenues. Accumulated depreciation also increased by \$1.5 million, decreasing the value of capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3: General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual
Revenues	\$ 61,536,700	\$ 61,547,021	\$ 62,343,448
Expenditures	61,275,900	61,426,656	59,321,408
Excess of Revenues			
Over Expenditures	\$ 260,800	\$ 120,365	\$ 3,022,040
Other Financing Sources (Uses)	\$ (589,204)	\$ (589,204)	\$ (230,514)
Net Changes in Fund Balance	\$ (328,404)	\$ (468,839)	\$ 2,791,526

Over the course of the fiscal year, the Village amended the General Fund expenditure budget at various times for a total of \$150,756, or only .2% over the original budget. The expenditure budget amendments can be summarized as follows:

(See independent auditor’s report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

\$ 140,435	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>10,321</u>	Other miscellaneous budget adjustments.
<u>\$ 150,756</u>	Total General Fund budget amendments.

Over the last two fiscal years the Village has taken aggressive budgetary steps to address the budget hole created by revenue decreases attributable to the recession. Sales, income, and telecommunication tax receipts had decreased significantly, as well as revenues from building permits and interest income. Expenditure cuts and reductions were made to programs and services, and about 30 staff positions were eliminated through attrition and layoffs. During the FY2011 budget process an additional 10 staff positions were eliminated and the Village acted to replace some of the lost revenues by instituting new revenue sources.

General Fund actual revenues ended the fiscal year positively with \$796,427 more than the final budget. Property and replacement taxes came in \$200,000 under budget as more property owners contested or failed to pay their tax bills. On the other hand, sales and home rule sales tax receipts came in a combined \$1.1 million over budget. Home-rule sales tax receipts increased in part due to the Village’s action to increase the home-rule sales tax rate from .75% to 1%. To replace revenues lost to the recession the Village also implemented electric and natural gas utility taxes at an equivalent rate of 3%. These new utility taxes were budgeted conservatively and came in about \$1.2 million over budget. These gains were partially offset by revenues that came in under budget including the telecommunications tax (\$648,000), income tax (\$362,000), food and beverage tax (\$126,000), and interest income (\$230,000). All of these revenues that came in under budget are a direct reflection of the condition of the economy during the year.

The year-end results for General Fund expenditures were also positive as expenditures came in under budget by \$2,105,248. Of this amount salary and fringe expenditures came in under budget significantly by about \$791,000 due primarily to maintaining vacancies and eliminating positions through attrition and layoffs. Contractual services and commodities came in under budget by a combined \$1 million as each department worked to hold down expenditures. This included under budget results for professional services, street and sidewalk services, tree services, and supplies. Other expenditures also came in under budget including the unused budgeted contingency amounting to \$189,000. Other miscellaneous expenditures came in under budget by a combined \$120,000.

The Village’s total net change in fund balance increased by \$2,791,526 as a result of revenues coming in over expenditures by \$3,022,040, net of other financing sources (uses) totaling (\$230,514).

CAPITAL ASSETS

At the end of FY2011, the Village had a combined total of \$206.38 million invested in a broad range of capital assets including police and fire equipment, buildings, Village facilities, roads, and water and sewer lines. The following tables summarize the changes in Capital Assets which are presented in detail on Pages 33-35 in the Notes to the Financial Statements. Table 4 shows that total capital assets had a net decrease (including additions and deletions) of \$4.91 million. Table 5 focuses on the changes in capital assets of the governmental and business-type activities.

(See independent auditor’s report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table 4: Capital Assets at Year End Net of Depreciation
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	\$13.06	\$12.93	\$3.12	\$3.12	\$16.18	\$16.05
Land Right-of-Way (ROW)	72.18	72.18	--	--	72.18	72.18
Construction in Progress	--	--	--	--	--	--
Building	72.94	75.36	11.93	12.38	84.87	87.74
Machinery & Equipment	5.52	6.00	2.83	3.07	8.35	9.07
Infrastructure (Streets)	8.41	8.98	--	--	8.41	8.98
Underground Systems (Water & Sewer)	--	--	16.39	17.27	16.39	17.27
Total Net Assets	\$172.11	\$175.45	\$34.27	\$35.84	\$206.38	\$211.29

**Table 5: Change in Capital Assets
(In Millions)**

	Governmental Activities	Busines-Type Activities	Total
Beginning Balance	\$ 175.45	\$35.84	\$211.29
Additions			
Depreciable	1.00	--	1.00
Non-Depreciable	0.14	--	0.14
CIP	--	--	--
Retirements			
Depreciable	(3.31)	--	(3.31)
Non-Depreciable	--	--	--
CIP	--	--	--
Depreciation	(4.32)	(1.57)	(5.89)
Retiement	3.15	--	3.15
Ending Balance	\$172.11	\$34.27	\$206.38

The governmental activities net capital assets decreased by \$3.34 million or 1.9%. For business-type activities, the capital assets net of depreciation decreased by \$1.57 million or 4.4%. These decreases are due primarily to depreciation on existing assets.

(See independent auditor's report.)

**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

DEBT OUTSTANDING

As of April 30, 2011 total General Obligation Bonds outstanding for governmental activities amounted to \$59.19 million. Of this amount, \$13.9 million is for flood control and Library building purposes, \$35.79 million for reconstruction of public buildings, \$3.1 million for TIF projects, \$2.8 million for the NWCDS building, \$1.9 million for the Senior Center, and \$1.7 million for street resurfacing. The Village, under its home rule authority, does not have a legal debt limit. The Village's bond rating of Aa1 by Moody's Investors Service was reaffirmed in August 2011 citing the Village's well-managed financial operations, aggressive retirement of its general obligation bonds, and its ability to implement additional revenue sources. Additional information on the Village's long-term debt can be found in the Notes to the Financial Statements on Pages 37-41.

ECONOMIC FACTORS AND NEXT YEAR'S FY2012 BUDGET

This fiscal year ended positively as the Village's General Fund ended with a surplus. This operating fund pays for most Village services, except for water and sewer expenses. The financial condition of the General Fund has stabilized significantly. In the fall of 2008 the Village began to feel the effects of the recession with unprecedented decreases in sales and income tax receipts and other decreases in revenue. Through the Village's aggressive budgetary actions on both the expenditure and revenue sides of the ledger, the Village has worked to maintain its core services while sustaining a strong fund balance. The FY2012 budget included additional revenue enhancements and position eliminations which were designed to ensure that the Village's financial position will continue to remain strong. As of September 12, 2011, the last day of fieldwork for the audit, the Village's FY2012 revenue and expenditure budget assumptions were coming in somewhat better than expected. While there are eight months remaining in this next fiscal year, these early results continue to follow the positive year end results for FY2011.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Thomas F. Kuehne, Finance Director/Treasurer, Village of Arlington Heights, 33 S. Arlington Heights Road, Arlington Heights, IL 60005.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Arlington Heights Memorial Library
ASSETS				
Cash and investments	\$ 70,108,025	\$ 6,978,903	\$ 77,086,928	\$ 13,176,323
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	16,060,437	-	16,060,437	6,530,184
Other taxes	6,603,156	-	6,603,156	-
Customer accounts	-	1,770,073	1,770,073	-
Accrued interest	108,804	20,398	129,202	16,816
CDBG rehabilitation loans	2,275,113	-	2,275,113	-
Grants	265,258	-	265,258	78,794
Other	1,153,081	-	1,153,081	-
Prepaid expenses	143,679	123,608	267,287	55,760
Inventory	153,319	426,118	579,437	-
Due from other governments	361,497	-	361,497	-
Due from fiduciary funds	3,700,216	-	3,700,216	-
Deferred charges	433,564	-	433,564	-
Net pension asset	1,359,654	-	1,359,654	-
Investment in joint venture	-	14,356,411	14,356,411	-
Capital assets not being depreciated	85,249,046	3,124,150	88,373,196	142,378
Capital assets being depreciated (net of accumulated depreciation)	86,858,257	31,148,400	118,006,657	7,637,058
Total assets	274,833,106	57,948,061	332,781,167	27,637,313
LIABILITIES				
Accounts payable	2,029,050	412,948	2,441,998	364,021
Retainage payable	17,994	-	17,994	-
Accrued payroll	513,759	84,514	598,273	176,142
Payroll taxes payable	225,488	-	225,488	-
Claims payable	2,537,860	-	2,537,860	-
Accrued interest payable	965,632	-	965,632	-
Unearned revenues	34,768,659	-	34,768,659	13,028,572
Noncurrent liabilities				
Due within one year	6,562,399	59,644	6,622,043	-
Due in more than one year	59,783,159	485,503	60,268,662	653,916
Total liabilities	107,404,000	1,042,609	108,446,609	14,222,651
NET ASSETS				
Invested in capital assets, net of related debt	113,491,072	34,272,550	147,763,622	7,779,436
Restricted for				
Public safety	653,544	-	653,544	-
Highways and streets	1,068,100	-	1,068,100	-
Community development	5,986,147	-	5,986,147	-
Debt service	1,744,304	-	1,744,304	-
Culture, recreation and education	-	-	-	5,635,226
Unrestricted	44,485,939	22,632,902	67,118,841	-
TOTAL NET ASSETS	\$ 167,429,106	\$ 56,905,452	\$ 224,334,558	\$ 13,414,662

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 5,193,600	\$ 4,325,464	\$ 264,527	\$ 11,250
Public safety	40,266,562	2,975,966	276,168	46,575
Highways and streets	17,159,903	2,935,937	1,946,520	808,823
Community development	6,334,050	816,738	339,356	-
Health and welfare	1,888,832	51,551	-	-
Interest	2,583,611	-	-	-
Total governmental activities	73,426,558	11,105,656	2,826,571	866,648
Business-Type Activities				
Water and sewer	15,251,729	12,730,188	-	-
Solid waste disposal	1,492,582	1,406,829	-	-
Arts, entertainment and events	475,793	33,550	-	-
Total business-type activities	17,220,104	14,170,567	-	-
TOTAL PRIMARY GOVERNMENT	\$ 90,646,662	\$ 25,276,223	\$ 2,826,571	\$ 866,648
COMPONENT UNIT				
Arlington Heights Memorial Library	\$ 12,304,543	\$ 260,310	\$ 172,346	\$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Unit
	Governmental	Business-Type	Total	Arlington Heights
	Activities	Activities		Memorial Library
	\$ (592,359)	\$ -	\$ (592,359)	\$ -
	(36,967,853)	-	(36,967,853)	-
	(11,468,623)	-	(11,468,623)	-
	(5,177,956)	-	(5,177,956)	-
	(1,837,281)	-	(1,837,281)	-
	(2,583,611)	-	(2,583,611)	-
	(58,627,683)	-	(58,627,683)	-
	-	(2,521,541)	(2,521,541)	-
	-	(85,753)	(85,753)	-
	-	(442,243)	(442,243)	-
	-	(3,049,537)	(3,049,537)	-
	(58,627,683)	(3,049,537)	(61,677,220)	-
	-	-	-	(11,871,887)
General Revenues				
Taxes				
Property	28,710,137	-	28,710,137	12,769,651
Income	5,998,989	-	5,998,989	-
Sales	10,369,871	-	10,369,871	-
Home rule sales	6,574,175	-	6,574,175	-
Replacement	455,733	-	455,733	-
Use	1,103,427	-	1,103,427	-
Telecommunications	3,772,498	-	3,772,498	-
Utility	4,051,320	-	4,051,320	-
Hotel/motel	814,905	-	814,905	-
Food and beverage	1,674,096	420,102	2,094,198	-
Foreign fire insurance	117,835	-	117,835	-
Other	52,554	-	52,554	-
Investment income	351,656	58,387	410,043	82,350
Miscellaneous	746,901	234,186	981,087	29,854
Transfers	50,000	(50,000)	-	-
Total	64,844,097	662,675	65,506,772	12,881,855
CHANGE IN NET ASSETS	6,216,414	(2,386,862)	3,829,552	1,009,968
NET ASSETS, MAY 1	161,212,692	59,292,314	220,505,006	12,404,694
NET ASSETS, APRIL 30	\$ 167,429,106	\$ 56,905,452	\$ 224,334,558	\$ 13,414,662

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

April 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
ASSETS					
Cash and investments	\$ 19,540,182	\$ 5,474,193	\$ 7,297,270	\$ 16,595,419	\$ 48,907,064
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	10,235,317	3,835,721	1,264,429	724,970	16,060,437
Other taxes	6,444,352	-	-	158,804	6,603,156
Accrued interest	17,402	18,290	5,687	23,232	64,611
CDBG rehabilitation loans	-	-	-	2,275,113	2,275,113
Grants	-	-	103,312	161,946	265,258
Other	1,135,592	-	-	17,489	1,153,081
Prepaid items	135,822	-	-	7,857	143,679
Due from other funds	149,000	-	-	-	149,000
Due from fiduciary funds	3,700,215	-	-	-	3,700,215
Due from other governments	-	-	361,498	-	361,498
Inventory	68,183	-	-	-	68,183
TOTAL ASSETS	\$ 41,426,065	\$ 9,328,204	\$ 9,032,196	\$ 19,964,830	\$ 79,751,295
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,034,892	\$ -	\$ 132,199	\$ 371,836	\$ 1,538,927
Retainage payable	-	-	-	17,994	17,994
Accrued payroll	472,198	-	-	7,926	480,124
Payroll taxes payable	225,488	-	-	-	225,488
Deferred property taxes	19,268,500	7,583,900	2,500,000	1,477,700	30,830,100
Deferred revenue	13,498	-	-	3,925,061	3,938,559
Due to other funds	-	-	-	149,000	149,000
Total liabilities	21,014,576	7,583,900	2,632,199	5,949,517	37,180,192
FUND BALANCES					
Reserved for prepaid items	135,822	-	-	7,857	143,679
Reserved for inventory	68,183	-	-	-	68,183
Reserved for debt service	-	1,744,304	-	-	1,744,304
Reserved for public safety	-	-	-	653,544	653,544
Reserved for highways and streets	-	-	-	1,068,100	1,068,100
Reserved for community development	-	-	-	5,986,147	5,986,147
Unreserved					
Designated - General Fund	625,658	-	-	-	625,658
Designated - Special Revenue Funds	-	-	-	4,592,774	4,592,774
Undesignated - General Fund	19,581,826	-	-	-	19,581,826
Undesignated					
Special Revenue Funds	-	-	-	1,706,891	1,706,891
Capital Projects Funds	-	-	6,399,997	-	6,399,997
Total fund balances	20,411,489	1,744,304	6,399,997	14,015,313	42,571,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,426,065	\$ 9,328,204	\$ 9,032,196	\$ 19,964,830	\$ 79,751,295

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

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

April 30, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 42,571,103
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	172,107,303
Less internal service funds	(5,402,975)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(59,185,000)
Unamortized premium on bonds	(280,582)
Unamortized discount on bonds	71,673
Unamortized loss on refunding of bonds	777,678
Net pension obligation	(1,341,800)
Net other postemployment benefits obligation	(3,110,880)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in governmental funds	(2,978,133)
Deferred charges is reported as an asset on the statement of net assets	433,564
Accrued interest on long-term liabilities is reported as a liability on the statement of net assets	(965,632)
The net pension asset of the firefighters' pension fund is included in the governmental activities in the statement of net assets	1,359,654
The net assets of the internal service funds are included in the governmental activities in the statement of net assets	<u>23,373,133</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 167,429,106</u>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended April 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
REVENUES					
Taxes	\$ 51,316,696	\$ 7,087,474	\$ 4,023,335	\$ 1,150,199	\$ 63,577,704
Licenses and permits	3,373,772	-	-	-	3,373,772
Intergovernmental	-	-	-	2,282,831	2,282,831
Grants	372,196	-	297,531	858,495	1,528,222
Charges for services	2,021,291	-	-	-	2,021,291
Fines and fees	4,449,754	-	-	1,080,572	5,530,326
Investment income	120,768	34,766	57,766	138,358	351,658
Rents and reimbursables	406,325	-	-	-	406,325
Miscellaneous	282,646	-	211,945	26,252	520,843
Total revenues	62,343,448	7,122,240	4,590,577	5,536,707	79,592,972
EXPENDITURES					
Current					
General government	5,771,441	-	-	-	5,771,441
Public safety	38,545,139	-	-	411,708	38,956,847
Highways and streets	8,308,438	-	-	1,149,137	9,457,575
Community development	4,815,709	-	-	398,378	5,214,087
Health and welfare	1,880,681	-	-	-	1,880,681
Capital outlay	-	-	4,352,672	2,753,595	7,106,267
Debt service					
Principal retirement	-	5,570,000	-	-	5,570,000
Interest and fiscal charges	-	2,580,096	-	-	2,580,096
Issuance costs	-	36,426	-	-	36,426
Total expenditures	59,321,408	8,186,522	4,352,672	4,712,818	76,573,420
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,022,040	(1,064,282)	237,905	823,889	3,019,552
OTHER FINANCING SOURCES (USES)					
Bonds issued, at par	-	2,855,000	-	-	2,855,000
Premium on bonds issued	-	34,909	-	-	34,909
Payment to escrow agent	-	(2,849,266)	-	-	(2,849,266)
Transfers in	60,186	978,100	-	654,717	1,693,003
Transfers (out)	(290,700)	-	-	(1,352,303)	(1,643,003)
Total other financing sources (uses)	(230,514)	1,018,743	-	(697,586)	90,643
NET CHANGE IN FUND BALANCES	2,791,526	(45,539)	237,905	126,303	3,110,195
FUND BALANCES, MAY 1	17,619,963	1,789,843	6,162,092	13,889,010	39,460,908
FUND BALANCES, APRIL 30	\$ 20,411,489	\$ 1,744,304	\$ 6,399,997	\$ 14,015,313	\$ 42,571,103

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, 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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,110,195
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	398,690
The loss on disposal of capital assets does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	(153,248)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	5,570,000
The payment to escrow agent is reported as an other financing use in governmental funds but as a reduction of principal on the statement of activities	2,849,266
The issuance of bonds and related premium is reported as an other financing source in governmental funds but as an addition to principal outstanding in the statement of activities	
Bond proceeds	(2,855,000)
Premium on bonds issued	(34,909)
Issuance costs on bonds are capitalized and amortized in the statement of activities	36,426
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	151,700
The amortization of premium on long-term debt is reported as a reduction of expense on the statement of activities	47,392
The reduction of discount on long-term debt is reported as an expense on the statement of activities	(24,888)
Less amount of discount on refunded bonds written off	16,328
The amortization of the loss on refunding is reported as an expense on the statement of activities	(132,297)
The amortization of deferred charges is reported as an expense on the statement of activities	(61,750)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(4,324,673)
Less internal service funds	1,120,880
Increase in compensated absences liability	(4,725)
Decrease in net pension asset	(227,702)
Increase in net pension obligation	(312,623)
Increase in net other postemployment benefits obligation	(238,158)
The change in net assets of internal service funds is reported in governmental activities	1,319,520
Less contribution revenue from capital assets transferred to internal service fund	(34,010)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,216,414</u>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

April 30, 2011

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CURRENT ASSETS				
Cash and investments	\$ 4,863,585	\$ 2,115,318	\$ 6,978,903	\$ 21,200,961
Receivables				
Customer accounts	1,648,377	121,696	1,770,073	-
Accrued interest	17,746	2,652	20,398	44,193
Prepaid expenses	-	123,608	123,608	-
Inventory	426,118	-	426,118	85,136
Total current assets	6,955,826	2,363,274	9,319,100	21,330,290
NONCURRENT ASSETS				
Capital assets				
Nondepreciable capital assets	2,648,950	475,200	3,124,150	-
Depreciable capital assets	98,402,494	2,514,999	100,917,493	16,609,777
Accumulated depreciation	(69,195,070)	(574,023)	(69,769,093)	(11,206,802)
Net capital assets	31,856,374	2,416,176	34,272,550	5,402,975
Other assets				
Investment in joint venture	14,356,411	-	14,356,411	-
Total other assets	14,356,411	-	14,356,411	-
Total noncurrent assets	46,212,785	2,416,176	48,628,961	5,402,975
Total assets	53,168,611	4,779,450	57,948,061	26,733,265
CURRENT LIABILITIES				
Accounts payable	408,335	4,613	412,948	490,123
Accrued payroll	84,514	-	84,514	33,635
Claims payable	-	-	-	2,537,860
Compensated absences payable	59,644	-	59,644	24,586
Total current liabilities	552,493	4,613	557,106	3,086,204
LONG-TERM LIABILITIES				
Compensated absences payable	337,981	-	337,981	139,323
Net other postemployment benefits obligation	147,522	-	147,522	134,605
Total long-term liabilities	485,503	-	485,503	273,928
Total liabilities	1,037,996	4,613	1,042,609	3,360,132
NET ASSETS				
Invested in capital assets, net of related debt	31,856,374	2,416,176	34,272,550	5,402,975
Unrestricted	20,274,241	2,358,661	22,632,902	17,970,158
TOTAL NET ASSETS	\$ 52,130,615	\$ 4,774,837	\$ 56,905,452	\$ 23,373,133

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the Year Ended April 30, 2011

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
OPERATING REVENUES				
Charges for services	\$ 12,730,188	\$ 1,440,379	\$ 14,170,567	\$ 15,990,945
Fines	-	-	-	33,476
Intergovernmental	-	-	-	29,000
Miscellaneous	118,743	109,443	228,186	248,483
Total operating revenues	12,848,931	1,549,822	14,398,753	16,301,904
OPERATING EXPENSES				
Operations	13,750,981	1,899,551	15,650,532	14,171,555
Depreciation	1,500,748	68,824	1,569,572	1,120,880
Total operating expenses	15,251,729	1,968,375	17,220,104	15,292,435
OPERATING INCOME (LOSS)	(2,402,798)	(418,553)	(2,821,351)	1,009,469
NONOPERATING REVENUES (EXPENSES)				
Investment income	39,604	18,783	58,387	166,265
Building management fee	-	6,000	6,000	-
Food and beverage tax	-	420,102	420,102	-
Contribution of capital assets	-	-	-	34,010
Gain on disposal of capital assets	-	-	-	109,776
Total nonoperating revenues (expenses)	39,604	444,885	484,489	310,051
INCOME (LOSS) BEFORE TRANSFERS	(2,363,194)	26,332	(2,336,862)	1,319,520
TRANSFERS				
Transfers in	-	-	-	270,848
Transfers (out)	-	(50,000)	(50,000)	(270,848)
Total transfers	-	(50,000)	(50,000)	-
CHANGE IN NET ASSETS	(2,363,194)	(23,668)	(2,386,862)	1,319,520
NET ASSETS, MAY 1	54,493,809	4,798,505	59,292,314	22,053,613
NET ASSETS, APRIL 30	\$ 52,130,615	\$ 4,774,837	\$ 56,905,452	\$ 23,373,133

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2011

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 12,747,924	\$ 1,499,736	\$ 14,247,660	\$ -
Receipts from internal services	(1,268,029)	-	(1,268,029)	16,301,904
Payments to suppliers	(7,167,114)	(1,897,019)	(9,064,133)	(12,381,243)
Payments to employees	(5,231,285)	-	(5,231,285)	(2,321,265)
Net cash from operating activities	(918,504)	(397,283)	(1,315,787)	1,599,396
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers in	-	-	-	270,848
Interfund transfers (out)	-	(50,000)	(50,000)	(270,848)
Food and beverage tax receipts	-	426,102	426,102	-
Net cash from noncapital financing activities	-	376,102	376,102	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	-	(738,023)
Proceeds from the disposal of capital assets	-	-	-	109,776
Net cash from capital and related financing activities	-	-	-	(628,247)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	45,522	21,408	66,930	187,309
Net cash from investing activities	45,522	21,408	66,930	187,309
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(872,982)	227	(872,755)	1,158,458
CASH AND CASH EQUIVALENTS, MAY 1	5,736,567	2,115,091	7,851,658	20,042,503
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 4,863,585</u>	<u>\$ 2,115,318</u>	<u>\$ 6,978,903</u>	<u>\$ 21,200,961</u>

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2011

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (2,402,798)	\$ (418,553)	\$ (2,821,351)	\$ 1,009,469
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	1,500,748	68,824	1,569,572	1,120,880
Income from investment in joint venture	98,258	-	98,258	-
Change in assets and liabilities				
Receivables	(101,007)	(50,086)	(151,093)	-
Prepaid expenses	-	1,901	1,901	10,386
Inventories	(169,438)	-	(169,438)	(2,545)
Accounts payable	118,706	631	119,337	152,852
Accrued payroll	(3,846)	-	(3,846)	(769)
Compensated absences payable	29,522	-	29,522	(10,543)
Net other postemployment benefits payable	11,351	-	11,351	11,565
Claims payable	-	-	-	(691,899)
NET CASH FROM OPERATING ACTIVITIES	\$ (918,504)	\$ (397,283)	\$ (1,315,787)	\$ 1,599,396

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

April 30, 2011

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 4,638,038	\$ 1,631,817
Investments		
U.S. Government and agency obligations	66,769,335	-
Equity securities	22,880,609	-
Insurance contracts	11,377,582	-
Illinois Funds	5,160,181	-
Mutual funds	32,137,334	-
Municipal bonds	4,435,856	-
Receivables		
Accrued interest	578,345	1,902
Other	9,391	207,165
	<u>147,986,671</u>	<u>\$ 1,840,884</u>
LIABILITIES		
Accounts payable	69	\$ 3,500
Deposits payable	-	1,832,583
Due to other funds	3,700,216	-
Other payables	-	4,801
	<u>3,700,285</u>	<u>\$ 1,840,884</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 144,286,386</u></u>	

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PENSION TRUST FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended April 30, 2011

ADDITIONS	
Contributions	
Employer	\$ 7,327,573
Participants	1,819,099
Other	<u>36,706</u>
Total contributions	<u>9,183,378</u>
Investment income	
Net appreciation in fair value of investments	9,683,503
Interest income	<u>3,886,482</u>
Subtotal	13,569,985
Less investment expense	<u>(403,145)</u>
Net investment income	<u>13,166,840</u>
Total additions	<u>22,350,218</u>
DEDUCTIONS	
Administrative	78,383
Pension benefits and refunds	<u>8,224,755</u>
Total deductions	<u>8,303,138</u>
NET INCREASE	14,047,080
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>130,239,306</u>
April 30	<u><u>\$ 144,286,386</u></u>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Village is a municipal corporation governed by an elected board. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of its operational or financial relationship with the primary government.

The Village's financial statements include two pension trust funds:

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension System

The Village's sworn firefighters participate in the Firefighters' Pension System (FPS). The FPS functions for the benefit of those employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected fire employees constitute the pension board. The Village and FPS participants are obligated to fund all FPS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The FPS is reported as a pension trust fund because of the Village's fiduciary responsibility.

Discretely Presented Component Unit - Arlington Heights Memorial Library

The component unit column in the basic financial statements includes the financial data of the Village's component unit. It is reported in a separate column to emphasize that it is legally separate from the Village.

The Arlington Heights Memorial Library (the Library) operates and maintains the public library within the Village. The Library's Board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval and its annual budget and property tax levy request are subject to the Village Board's approval.

Complete financial statements for the Library can be obtained from the Library's offices at 500 North Dunton Street, Arlington Heights, Illinois, 60004.

Joint Ventures

Northwest Water Commission (NWWC)

NWWC is a municipal corporation empowered to construct and maintain a joint water supply system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. The Village does not exercise any control over the activities of NWWC beyond its representation on the Board of Directors. NWWC is reported as an equity proprietary joint venture.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Joint Ventures (Continued)

Solid Waste Agency of Northern Cook County (SWANCC)

SWANCC is a municipal corporation empowered to plan, finance, construct and operate a solid waste disposal system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. The Village does not exercise any control over the activities of SWANCC beyond its representation on the Board of Directors. SWANCC is reported as a nonequity proprietary joint venture.

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

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to 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 Village (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, 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 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 Village. The Village utilizes pension trust funds and agency funds which are generally used to account for assets that the Village holds in fiduciary capacity or on behalf of others as their agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements 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 financial 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.

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 contributions 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 Debt Service Fund accounts for the resources for the payment of principal and interest on the Village's general obligation debt.

The Capital Projects Fund accounts for the cost of miscellaneous capital improvement projects and equipment replacement. Financing is provided by earmarking revenues to provide for the costs associated with the projects. Major projects include: road improvements, curb replacement, paving maintenance and sidewalk replacement/installation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

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

Internal Service Funds account for operations that provide services to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis. These funds are Health and Life Insurance, General Liability Insurance, Workers' Compensation, Fleet Operations and Technology.

The Village reports the following fiduciary funds:

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and the Firefighters' Pension Fund. The Village reports the Guaranty Deposits, Escrow Deposits and Special Assessment Collection agency funds as fiduciary funds.

d. Measurement Focus, Basis of Accounting and Basis of 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 (agency funds have no measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., 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 and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Basis of Presentation
(Continued)

The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90-day period and income taxes which uses a 120-day period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end, franchise taxes, 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. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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 guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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 government before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments

Investments with a maturity of one year or less when purchased are stated at cost or amortized cost. Investments with a maturity greater than one year and all pension fund investments are stated at fair value in accordance with GASB Statement No. 31.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer, is reported at a \$1 per share value, which equals the fair value in the pool.

f. 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.”

g. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when purchased.

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 (e.g., roads, bridges, storm water), 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 of more than \$10,000 and an estimated useful life in excess of one year. Easements are defined by the Village as assets with an initial, individual cost of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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:

Assets	Years
Buildings and improvements	10-40
Machinery, equipment and vehicles	3-20
Infrastructure	40
Underground systems	40

j. Compensated Absences

Vested or accumulated vacation is reported as an expenditure and a fund liability of the governmental (General) fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation 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 and gains/losses on refundings, 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 and gains/losses on refundings. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance 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 restricted net assets result from enabling legislation adopted by the Village. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

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. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments

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

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

Deposits with Financial Institutions

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

Investments

The following table presents the investments and maturities of the Village'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	\$ 1,556,318	\$ 1,556,318	\$ -	\$ -	-
Illinois Metropolitan Investment Fund	25,956,912	-	25,956,912	-	-
TOTAL	\$ 27,513,230	\$ 1,566,318	\$ 25,956,912	\$ -	-

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter-term securities, money market funds or similar investment pools.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk limiting investments to the safest types of securities; prequalifying the financial institutions, intermediaries and advisors with which the Village will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Illinois Funds and IMET are rated AAA.

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

Investments (Continued)

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPS) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations.

b. Police Pension Fund Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value) and IMET, 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 for which the investment could be sold.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Deposits with Financial Institutions

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

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
U.S. Treasury obligations	\$ 19,440,021	\$ 392,351	\$ 10,044,784	\$ 7,584,756	\$ 1,418,130
U.S. agency obligations	19,772,348	208,493	3,290,556	8,706,161	7,567,138
Illinois Funds	2,576,455	2,576,455	-	-	-
TOTAL	\$ 41,788,824	\$ 3,177,299	\$ 13,335,340	\$ 16,290,917	\$ 8,985,268

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Police Pension Fund's investment policy does not address this issue. The Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Police Pension Fund limits its exposure to credit risk by primarily investing U.S. Treasury obligations and other obligations which are rated AA or better by a national rating agency. The U.S. Treasury and U.S. agency obligations and Illinois Funds are rated AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Investments (Continued)

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 custodian and evidenced by safekeeping receipts. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of its investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk but does not establish specific maximum portfolio percentages. Target percentages are cash 3%; fixed income 65%; large cap domestic equities 25%; small cap domestic equities 5% and international equities 5%.

c. Firefighters' Pension Fund Deposits and Investments

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

It is the policy of the Firefighters' Pension Fund 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 Firefighters' Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and return on investment.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Deposits and Investments (Continued)

Deposits with Financial Institutions

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

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
U.S. Treasury obligations	\$ 11,438,447	\$ -	\$ 2,115,958	\$ 4,999,840	\$ 4,322,649
U.S. agency obligations	16,118,519	1,523,125	5,774,915	3,472,026	5,348,453
Municipal bonds	4,435,856	610,998	1,373,656	1,958,380	492,822
Illinois Funds	2,583,726	2,583,726	-	-	-
TOTAL	\$ 34,576,548	\$ 4,717,849	\$ 9,264,529	\$ 10,430,246	\$ 10,163,924

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Firefighters' Pension Fund's investment policy does not address this issue. The Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Firefighters' Pension Fund limits its exposure to credit risk by primarily investing U.S. Treasury obligations and other obligations which are rated AA or better by a national rating agency. The U.S. Treasury and U.S. agency obligations that had ratings were rated AAA, the municipal bonds that were rated ranged from Baa to AAA and Illinois Funds are rated AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Plan Deposits and Investments (Continued)

Investments (Continued)

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 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 custodian and evidenced by safekeeping receipts. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Firefighters' Pension Fund has a high percentage of its investments invested in one type of investment. The Firefighters' Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk but does not establish specific portfolio percentages.

3. RECEIVABLES

a. Property Taxes

Property taxes for 2010 attach as an enforceable lien on January 1, 2010, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2011 and August 1, 2011, and are payable in two installments, on or about March 1, 2011 and September 1, 2011. Tax Increment Financing (TIF) property tax receipts are received in two installments similar to levied taxes described above. TIF property taxes are not levied, but are paid by the County from incremental property tax receipts of all taxing bodies within a TIF District. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience. As the 2010 tax levy is intended to fund expenditures for the 2011-2012 fiscal year, these taxes are deferred as of April 30, 2011.

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

b. Other Taxes

Other taxes receivable are comprised of the following at April 30, 2011:

Fund	Description	Amount
General	Municipal sales tax	\$ 2,411,084
	Home rule sales tax	1,084,494
	State income tax	1,538,876
	State use tax	271,676
	Telecommunications tax	915,107
	Food and beverage tax	124,074
	Hotel tax	96,165
	Auto rental	<u>2,876</u>
		Total General
Special Revenue		
Motor Fuel Tax	Motor fuel tax allotments	<u>158,804</u>
	Total Special Revenue	<u>158,804</u>
TOTAL GOVERNMENTAL FUNDS		<u>\$ 6,603,156</u>

c. Other Receivables

Other receivables are comprised of the following at April 30, 2011:

Fund	Description	Amount
General	Cable franchise fees	\$ 351,950
	Traffic fines	51,219
	SWANCC service charge	25,000
	Grants	168,916
	Gas tax rebate	14,227
	Utility taxes	474,789
	Liquor licenses	20,775
	Police counselors	<u>28,716</u>
		Total General

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

c. Other Receivables (Continued)

Fund	Description	Amount
Special Revenue		
Municipal Parking Operations	Parking permits	\$ 17,489
	Total Special Revenue	<u>17,489</u>
TOTAL GOVERNMENTAL FUNDS		<u>\$ 1,153,081</u>

4. CDBG REHABILITATION LOANS

The Village makes loans to village residents for the rehabilitation of single-family housing. Initial funding for these loans was from Community Development Block Grant (CDBG) funds. These loans are title transfer loans which are due in full when the housing unit is sold. Repayments of principal on these receivables, which are recorded in the CDBG fund, are used to make additional rehabilitation loans. Loan activity for the current year is summarized as follows:

	Interest Rates	Beginning of Year	Loans Made	Loan Repayments	Loan Write-Off	End of Year
CDBG rehab loans	0%	\$ 2,250,808	\$ 30,960	\$ 6,655	\$ -	\$ 2,275,113

5. CAPITAL ASSETS

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

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 12,924,990	\$ 139,732	\$ -	\$ 13,064,722
Land rights of way	72,184,324	-	-	72,184,324
Total capital assets not being depreciated	<u>85,109,314</u>	<u>139,732</u>	<u>-</u>	<u>85,249,046</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
(Continued)				
Capital assets being depreciated				
Buildings and improvements	\$ 101,450,313	\$ 201,203	\$ 142,284	\$ 101,509,232
Machinery, equipment and vehicles	21,780,787	795,778	3,165,886	19,410,679
Infrastructure	47,846,324	-	-	47,846,324
Total capital assets being depreciated	171,077,424	996,981	3,308,170	168,766,235
Less accumulated depreciation for				
Buildings and improvements	26,094,988	2,510,022	35,572	28,569,438
Machinery, equipment and vehicles	15,777,090	1,229,568	3,119,350	13,887,308
Infrastructure	38,866,149	585,083	-	39,451,232
Total accumulated depreciation	80,738,227	4,324,673	3,154,922	81,907,978
Total capital assets being depreciated, net	90,339,197	(3,327,692)	153,248	86,858,257
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 175,448,511	\$ (3,187,960)	\$ 153,248	\$ 172,107,303

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

GOVERNMENTAL ACTIVITIES		
General government		\$ 597,985
Public safety		912,898
Highways and streets		2,322,145
Community development		464,304
Health and welfare		27,341
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		\$ 4,324,673

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,124,150	\$ -	\$ -	\$ 3,124,150
Total capital assets not being depreciated	3,124,150	-	-	3,124,150
Capital assets being depreciated				
Buildings and improvements	19,240,175	-	-	19,240,175
Machinery and equipment	5,654,781	-	-	5,654,781
Underground systems	76,022,537	-	-	76,022,537
Total capital assets being depreciated	100,917,493	-	-	100,917,493

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Buildings and improvements	\$ 6,856,707	\$ 454,484	\$ -	\$ 7,311,191
Machinery and equipment	2,592,131	231,345	-	2,823,476
Underground systems	58,750,683	883,744	-	59,634,427
Total accumulated depreciation	<u>68,199,521</u>	<u>1,569,573</u>	<u>-</u>	<u>69,769,094</u>
 Total capital assets being depreciated, net	 <u>32,717,972</u>	 <u>(1,569,572)</u>	 <u>-</u>	 <u>31,148,400</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	 <u>\$ 35,842,122</u>	 <u>\$ (1,569,572)</u>	 <u>\$ -</u>	 <u>\$ 34,272,550</u>

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to the Village's employees. These risks, along with medical claims for employees and retirees, are provided for through a limited self-insured program. The Village is self-insured for the first \$100,000 for property claims, \$100,000 per employee for medical claims, \$1,000,000 for liability claims, \$1,000,000 for errors and omissions and \$750,000 for workers' compensation claims. Commercial insurance is carried for amounts in excess of the self-insured amounts. There were no reductions in insurance coverage during 2011 from the coverage amounts in effect for 2010. The Village's self-insurance activities are reported in the Health and Life Insurance, Retiree Health Insurance, General Liability Insurance and Workers' Compensation internal service funds.

Premiums are paid into the internal service funds by the departments of the General Fund and other funds based upon historical cost estimates. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reported liabilities are actuarially determined and include an amount for claims that have been incurred but not reported. There were no insurance claim settlements which exceeded the amounts of insurance coverage during 2009 through 2011.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. RISK MANAGEMENT (Continued)

A reconciliation of claims liability for the current year and that of the preceding year are as follows:

	Health and Life	General Liability	Workers' Compensation	Total
UNPAID CLAIMS LIABILITY - APRIL 30, 2009	\$ 823,876	\$ 1,289,167	\$ 1,368,678	\$ 3,481,721
Claims incurred/adjustments - 2010	5,464,722	314,977	870,308	6,650,007
Claim payment - 2010	(5,420,157)	(517,162)	(964,648)	(6,901,967)
UNPAID CLAIMS LIABILITY - APRIL 30, 2010	868,441	1,086,982	1,274,338	3,229,761
Claims incurred/adjustments - 2011	4,912,470	325,514	1,160,668	6,398,652
Claim payment - 2011	(4,891,814)	(1,095,915)	(1,102,824)	(7,090,553)
UNPAID CLAIMS LIABILITY - APRIL 30, 2011	\$ 889,097	\$ 316,581	\$ 1,332,182	\$ 2,537,860

High-Level Excess Liability Pool - The Village is a member of the High-Level Excess Liability Pool (the POOL) which consists of 15 Illinois municipalities. The purpose of the POOL is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of the POOL. The coverage provided by the POOL is \$5,000,000 per occurrence and in the aggregate for each member, with a self-insured retention of \$2,000,000 per member. In addition, the POOL provides excess insurance of \$5,000,000 per occurrence for claims in excess of \$6,000,000.

The POOL is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each director has an equal vote. The officers of the POOL are elected by the Board of Directors. The Board of Directors determines the general policy of the POOL, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of debt by the POOL, adopts by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the POOL agreement or the by-laws.

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

The Village of Elk Grove Village, Illinois (the initial Host Member) issued \$5,000,000 of general obligation bonds in 1987 to provide initial funding for the POOL. The bond proceeds were put into escrow with LaSalle National Bank as escrow agent. An intergovernmental agreement among the POOL, the Village of Elk Grove Village, Illinois and the members provides that the POOL and its members were obligated to the Village of Elk Grove Village, Illinois for payment of principal and interest on the bonds until such bonds have been retired. The bonds were retired December 1, 1995.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. RISK MANAGEMENT (Continued)

The POOL was organized on April 1, 1987 with the initial agreement which has been extended to April 30, 2018. The Village has committed to purchase excess liability insurance from the POOL through the term of the agreement. Annual premiums are calculated based on a formula which specifies the following four criteria: (1) miles of streets; (2) full-time equivalent employees; (3) number of motor vehicles and (4) operating revenues.

7. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund both general obligation bonds and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

b. Changes in Long-Term Liabilities

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES						
\$3,800,000 Northwest Central Dispatch System General Obligation Bonds, Series 2002A due in annual installments ranging from \$125,000 to \$300,000 with interest from 3.25% to 4.75%. The last payment is due December 1, 2022.	Debt Service	\$ 2,955,000	\$ -	\$ 2,955,000	\$ -	\$ -
\$2,270,000 General Obligation Refunding Bonds, Series 2003A due in annual installments ranging from \$20,000 to \$255,000 with interest from 2.00% to 4.00%. The last payment is due December 1, 2016.	Debt Service	1,580,000	-	200,000	1,380,000	205,000
\$3,330,000 General Obligation Refunding Bonds, Series 2003B due in annual installments ranging from \$30,000 to \$310,000 with interest from 2.00% to 4.00%. The last payment is due December 1, 2016.	Debt Service	2,180,000	-	295,000	1,885,000	305,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

b. Changes in Long-Term Liabilities (Continued)

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES (Continued)						
\$20,000,000 General Obligation Bonds, Series 2004 due in annual installments ranging from \$100,000 to \$2,500,000 with interest from 3.00% to 5.00%. The last payment is due December 1, 2026.	Debt Service	\$ 19,090,000	\$ -	\$ 100,000	\$ 18,990,000	\$ 100,000
\$2,235,000 General Obligation Bonds, Series 2005 due in annual installments ranging from \$125,000 to \$425,000 with interest from 3.30% to 3.65%. The last payment is due December 1, 2015.	Debt Service	1,920,000	-	210,000	1,710,000	235,000
\$20,000,000 General Obligation Bonds, Series 2006 due in annual installments ranging from \$400,000 to \$3,400,000 with interest at 4.00%. The last payment is due December 1, 2019.	Debt Service	17,800,000	-	1,000,000	16,800,000	1,000,000
\$16,515,000 General Obligation Refunding Bonds, Series 2006A due in annual installments ranging from \$275,000 to \$2,660,000 with interest at 4.00%. The last payment is due December 1, 2018.	Debt Service	8,735,000	-	2,645,000	6,090,000	2,640,000
\$8,380,000 General Obligation Refunding Bonds, Series 2009A due in annual installments ranging from \$620,000 to \$2,835,000 with interest at 2.00% to 2.50%. The last payment is due December 1, 2014.	Debt Service	8,380,000	-	620,000	7,760,000	1,175,000
\$2,050,000 General Obligation Bonds, Series 2009B, due in annual installments of \$315,000 to \$505,000 with interest at 2.00% to 2.50%. The last payment is due December 1, 2014.	Debt Service	2,050,000	-	315,000	1,735,000	380,000
\$2,855,000 General Obligation Refunding Bonds, Series 2010, due in annual installments of \$20,000 to \$280,000 with interest at 1.50% to 3.25%. The last payment is due December 1, 2022.	Debt Service	-	2,855,000	20,000	2,835,000	200,000
Total bonds		64,690,000	2,855,000	8,360,000	59,185,000	6,240,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

b. Changes in Long-Term Liabilities (Continued)

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES (Continued)						
Unamortized premium		\$ 293,065	\$ 34,909	\$ 47,392	\$ 280,582	\$ -
Unamortized loss on refunding		(809,607)	(100,367)	(132,296)	(777,678)	-
Unamortized discount		(96,561)	-	(24,888)	(71,673)	-
Total debt service fund bonds		64,076,897	2,789,542	8,250,208	58,616,231	6,240,000
Compensated absences	General	2,973,408	88,125	83,400	2,978,133	297,813
Compensated absences	Internal Service	174,452	2,052	12,595	163,909	24,586
Net pension obligation	General	1,029,177	312,623		1,341,800	-
Other postemployment benefits obligation	General	2,872,722	238,158	-	3,110,880	-
Other postemployment benefits obligation	Internal Service	123,040	11,565	-	134,605	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 71,249,696	\$ 3,442,065	\$ 8,346,203	\$ 66,345,558	\$ 6,562,399
BUSINESS-TYPE ACTIVITIES						
Compensated absences	Water and Sewer	\$ 368,103	\$ 29,522	\$ -	\$ 397,625	\$ 59,644
Other postemployment benefits obligation	Water and Sewer	136,171	11,351	-	147,522	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 504,274	\$ 40,873	\$ -	\$ 545,147	\$ 59,644

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	Governmental Activities	
	Principal	Interest
2012	\$ 6,240,000	\$ 2,317,517
2013	5,685,000	2,107,825
2014	6,035,000	1,919,175
2015	6,295,000	1,738,450
2016	5,010,000	1,543,288
2017	3,710,000	1,348,625
2018	3,565,000	1,201,800
2019	3,590,000	1,057,725
2020	3,255,000	910,325
2021	2,360,000	775,175
2022	2,485,000	662,375
2023	2,605,000	542,850
2024	2,450,000	417,500
2025	2,500,000	295,000
2026	1,900,000	170,000
2027	1,500,000	75,000
TOTAL	\$ 59,185,000	\$ 17,082,630

d. Legal Debt Margin

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum ... shall not be included in the foregoing percentage amounts.”

To date, the General Assembly has set no limits for home rule municipalities.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

e. Advance Refunding

On September 22, 2010, the Village issued \$2,855,000 General Obligation Refunding Bonds, Series 2010, to advance refund, through an in-substance defeasance, \$2,790,000 of the Series 2002A General Obligation Bonds, of which \$2,790,000 remained outstanding as of April 30, 2011. Through the refunding, the Village reduced its debt service by \$319,363 and achieved an economic gain of \$276,839.

8. INDIVIDUAL FUND DISCLOSURES

a. Interfund Transactions

Due From/To Other Funds at April 30, 2011 consist of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 149,000
General	Fiduciary - Police Pension	1,712,040
General	Fiduciary - Firefighters' Pension	1,988,176
		<u>3,700,216</u>
TOTAL		<u>\$ 3,849,216</u>

The purposes of the due to/due from the Nonmajor Governmental Funds are to eliminate negative cash balances; the amounts will be repaid within one year. The amounts due from the pension funds to the General Fund represent short-term advances of contributions to be recognized in fiscal 2011.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

b. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	\$ 60,186	\$ 290,700
Debt Service	978,100	-
Nonmajor Governmental		
First Time Homeowner	-	10,186
TIF I South	654,717	-
TIF II North	-	654,717
TIF III	-	260,900
TIF V	-	276,500
CDBG	-	150,000
Internal Service		
Health Insurance		270,848
Retiree Health	270,848	-
Nonmajor Enterprise		
Arts, Entertainment and Events	-	50,000
TOTAL ALL FUNDS	\$ 1,963,851	\$ 1,963,851

The purposes of significant interfund transfers are as follows:

- \$290,700, \$150,000, \$260,900 and \$276,500 transferred from the General Fund, the CDBG, TIF III and TIF V Fund, respectively, for debt service payments in the Debt Service Fund.
- \$270,848 transferred from the Health Insurance Fund to the Retiree Health Fund to fund retiree medical insurance.
- \$50,000 transferred from the Arts, Entertainment and Events Fund to the General Fund to reduce the deficit.
- \$654,717 transferred from the TIF II North Fund to the TIF I South Fund to fund possible litigation.
- \$10,186 transferred from the First Time Homeowner Fund to the General Fund to close the fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. COMMITMENTS

a. High-Level Excess Liability Pool

The Village has committed to purchase excess liability insurance from the POOL, an insurance pool of Illinois municipalities, through April 30, 2018. There is no minimum annual commitment amount for the purchase of this insurance coverage.

Future premiums will be calculated using the Village's allocation percentage. The POOL agreement provides that each year members will be assessed based upon a formula which specifies the following four criteria for allocating premium costs:

- Miles of streets
- Full-time equivalent employees
- Number of motor vehicles
- Operating revenues

b. Northwest Water Commission

The Village has committed to purchase water from NWWC. The Village expects to pay the following minimum amounts:

Fiscal Year Ending April 30	Amount
2012	\$ 970,292
2013	970,292
2014	<u>256,862</u>
TOTAL	<u>\$ 2,197,446</u>

These amounts have been calculated using the Village's current allocation percentage of 35.71%. In future years, this allocation percentage will be subject to change.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. COMMITMENTS (Continued)

c. Solid Waste Agency of Northern Cook County

The Village has committed to make payments to SWANCC. The Village expects to pay the following minimum amounts:

Fiscal Year Ending April 30	Amount
2012	\$ 648,515
2013	648,515
2014	<u>648,588</u>
TOTAL	<u>\$ 1,945,618</u>

This amount has been calculated using the Village's current allocation percentage of 11.13%. In future years, this allocation percentage will be subject to change.

10. NET ASSETS/FUND BALANCES

a. Fund Balance - Unreserved - Designated

The following amounts represent designations of unreserved fund balances at April 30, 2011:

General Fund	
Senior Center Maintenance	\$ 476,000
Wellness Program	59,439
Emergency Assistance	76,861
Disabled Citizens	<u>13,358</u>
TOTAL	<u>\$ 625,658</u>
Nonmajor Governmental Funds - Special Revenue Funds	
Municipal Parking Operations	
Future Maintenance	<u>\$ 4,592,774</u>
TOTAL	<u>\$ 4,592,774</u>

b. Net Assets - Arts, Entertainment and Events Fund

The following amount represents the Village Board's plans to set aside assets for future major repairs and improvements at April 30, 2011 - \$300,000.

11. CONTINGENT LIABILITIES

a. Litigation

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

In FY2008, the Village was sued by Village Green LLC (the Developer), a developer in the Village's Tax Increment Financing District #1 (TIF 1). The February 2008 lawsuit claims that the Village should have extended TIF 1 for one additional year through tax levy year 2006, payable in 2007, which would have allowed the Developer to qualify for payment using TIF 1 funds on a Developer Note outlined in the Village Green Redevelopment Agreement. If funds were available, the payment on the Developer Note would have been between \$1-\$2 million. The Village stands by its assertion that Cook County records show that the 23rd and final year of TIF 1 was the 2005 tax levy payable in 2006. This was confirmed and implemented by Cook County, which is the entity that administers tax levies and collections for all taxing districts within the County. The Village has not received any further payments from Cook County for TIF 1 after December 31, 2006. Village attorneys are of the opinion that the lawsuit is without merit.

Furthermore, since 2005 the Village has sought collection from the Developer on Investor Notes outlined in the Village Green Redevelopment Agreement. The Village asserts that the amount owed on the Investor Notes is \$231,481 plus interest. The Investor Notes represent a promise by the Developer that the net revenue generated by Village Green Development would match or exceed the projected net revenue on an annual basis, and if that target was not met the Developer would pay the Village the difference. The net revenue from the Village Green Development did not meet the projected net revenue in FY2005 and FY2006. In February 2008, the Village sued the Developer seeking payment on the Investor Notes.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. CONTINGENT LIABILITIES (Continued)

c. High Level Excess Liability Pool

The Village's agreement with the POOL provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

d. Northwest Water Commission (NWWC)

The Village's water purchase contract with NWWC provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

e. Solid Waste Agency of Northern Cook County (SWANCC)

The Village's contract with SWANCC provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

12. JOINT VENTURES

a. Northwest Water Commission (NWWC)

Description of Joint Venture

The Village is a member of the NWWC which consists of four municipalities. The NWWC is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). The NWWC is empowered under the Act to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers.

The four members of the NWWC and their percentage shares as of April 30, 2011 are as follows:

	<u>% Share</u>
Village of Arlington Heights	35.82
Village of Buffalo Grove	18.45
Village of Palatine	27.90
Village of Wheeling	<u>17.83</u>
	<u>100.00</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Description of Joint Venture (Continued)

These percentage shares are based on a formula contained in the water supply agreement (the NWWC Agreement) and are subject to change in future years based on consumption by the municipalities.

The members form a contiguous geographic service area which is located northwest of downtown Chicago. Under the NWWC Agreement, additional members may join the NWWC upon the approval of each member.

The NWWC is governed by a Board of Commissioners which consists of one Village Manager from each member municipality. Each Commissioner has an equal vote. The officers of the NWWC are appointed by the Board of Commissioners. The Board of Commissioners determines the general policy of the NWWC, makes all appropriations, approves contracts for sale or purchase of water, adopts resolutions providing for the issuance of bonds or notes by the NWWC, adopts by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the NWWC Agreement or the by-laws.

Summary Financial Information of Joint Venture

Summary of financial position as of April 30, 2011:

ASSETS	
Current assets	\$ 2,488,227
Restricted assets	11,207,631
Capital assets	33,375,476
Other assets	<u>71,803</u>
Total assets	<u>47,143,137</u>
LIABILITIES	
Current liabilities	3,649,032
Long-term liabilities	<u>4,226,654</u>
Total liabilities	<u>7,875,686</u>
NET ASSETS	
Invested in capital assets, net of related debt	28,791,759
Restricted	9,060,393
Unrestricted	<u>1,415,299</u>
NET ASSETS	<u>\$ 39,267,451</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Summary Financial Information of Joint Venture (Continued)

Summary of revenues, expenses and changes in net assets for the year ended
April 30, 2011:

Total revenues	\$ 9,075,414
Total expenses	<u>7,329,435</u>
Operating income before depreciation	1,745,979
Depreciation	<u>1,761,967</u>
Operating income (loss)	(15,988)
Other income (expense)	<u>(258,337)</u>
CHANGE IN NET ASSETS	<u>\$ (274,325)</u>

Complete financial statements for the NWWC can be obtained from the NWWC's administrative office at 1525 North Wolf Road, Des Plaines, Illinois, 60016. Financial information as of April 30, 2011 is the most recent available as of the date of this report.

The NWWC's bonds are revenue obligations. They are limited obligations of the NWWC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by NWWC resolutions. The bonds are not a debt of any member. The NWWC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from Water Supply Contracts or any other contract for the supply of water; (2) all income derived from the investment of monies and (3) all income, fees, water service charges and all grants, rents and receipts derived by the NWWC from the ownership and operation of the system and the sale of water.

The NWWC covenants to establish fees and charges sufficient to provide revenue to meet all its requirements.

The NWWC has entered into Water Supply Contracts with the four member municipalities for a term of 40 years, extending to 2030. The Water Supply Contracts are irrevocable and may not be terminated or amended except as provided in the Water Supply Contracts. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual quantity of water.

12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Summary Financial Information of Joint Venture (Continued)

The NWWC has entered into an agreement with the City of Evanston, Illinois (the City) under which the City has agreed to sell quantities of lake water sufficient to supply the projected water needs of the NWWC through the year 2030.

The obligation of the Village to make all payments as required by the Water Supply Contracts is unconditional and irrevocable, without regard to performance or nonperformance by the NWWC of its obligations under the Water Supply Contracts.

The payments required to be made by the Village under the Water Supply Contracts are required to be made solely from revenues to be derived by the Village from the operation of the Village's system. The Village is not prohibited by the Water Supply Contracts from using any other available funds to make the payments required by the Water Supply Contracts. The Water Supply Contracts shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$3,250,681 to the NWWC for 2011. The Village's equity interest in the NWWC was \$14,356,411 at April 30, 2011. The Village's net investment and its share of the operating results of the NWWC are recorded in the Village's Water and Sewer Fund.

b. Solid Waste Agency of Northern Cook County (SWANCC)

Description of Joint Venture

The Village is a member of the SWANCC which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. JOINT VENTURES (Continued)

b. Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

Description of Joint Venture (Continued)

The members of SWANCC and their percentage shares based on formula contained in SWANCC agreement as of April 30, 2011 are:

	<u>% Share</u>		<u>% Share</u>
Arlington Heights	11.13	Mount Prospect	8.05
Barrington	1.65	Niles	3.44
Buffalo Grove	6.37	Palatine	9.14
Elk Grove Village	5.77	Park Ridge	5.08
Evanston	7.91	Prospect Heights	1.38
Glencoe	1.53	Rolling Meadows	2.90
Glenview	4.77	Skokie	8.15
Hoffman Estates	3.71	South Barrington	0.70
Inverness	1.15	Wheeling	4.06
Kenilworth	0.81	Wilmette	4.23
Lincolnwood	1.84	Winnetka	3.09
Morton Grove	3.14		
			<u>100.00</u>

These percentage shares are subject to change in future years based on the usage of the municipalities. The members form a contiguous geographic service area which is located northwest of downtown Chicago. Under the SWANCC Agreement, additional members may join SWANCC upon the approval of all members.

SWANCC is governed by a Board of Directors which consists of the Mayor or President from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the SWANCC Agreement or the by-laws.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. JOINT VENTURES (Continued)

b. Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

Summary Financial Information of Joint Venture

Summary of financial position as of April 30, 2010 (most recent audited financial statements):

	ASSETS		LIABILITIES AND NET ASSETS
Current assets	\$ 4,688,377	Current liabilities	\$ 4,162,145
Restricted assets	589,394	Long-term liabilities	<u>4,822,573</u>
Capital assets	11,704,309	Total liabilities	8,984,718
Other assets	<u>100,676</u>	Net assets	<u>8,098,038</u>
TOTAL ASSETS	<u>\$ 17,082,756</u>	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,082,756</u>

Summary of revenues, expenses and changes in net assets for the year ended April 30, 2010 (most recent audited financial statements):

Total revenues	\$ 14,357,619
Total expenses	<u>13,555,320</u>
Operating income	802,299
Net nonoperating revenue (expenses)	<u>(269,156)</u>
NET INCOME	<u>\$ 533,143</u>

Complete financial statements for SWANCC can be obtained from SWANCC's administrative office at 1616 East Golf Road, Des Plaines, Illinois, 60016. Financial information as of April 30, 2010 is the most recent available as of the date of this report.

SWANCC's bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not a debt of any member. SWANCC has no power to levy taxes.

12. JOINT VENTURES (Continued)

b. Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

Summary Financial Information of Joint Venture (Continued)

Revenues of the system consist of (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies and (c) all income, fees, service charges and all grants, rents and receipts derived by SWANCC from the ownership and operation of the system.

SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into Solid Waste Disposal Contracts with the member municipalities. The Solid Waste Disposal Contracts are irrevocable and may not be terminated or amended except as provided in the Solid Waste Disposal Contracts. Each member is obligated, on a “take or pay” basis, to purchase or in any event to pay for a minimum annual cost of the system.

The obligation of the Village to make all payments as required by the Solid Waste Disposal Contracts are unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the Solid Waste Disposal Contracts.

The payments required to be made by the Village under the Solid Waste Disposal Contracts are required to be made solely from revenues to be derived by the Village from the operation of the Village’s system. The Village is not prohibited by Solid Waste Disposal Contracts from using any other available funds to make the payments required by the Solid Waste Disposal Contracts. The Solid Waste Disposal Contracts shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$1,492,582 to SWANCC for 2011, which is recorded in the Village’s Solid Waste Disposal Fund.

The Village does not have an equity interest in SWANCC.

13. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Village's governmental and business-type activities.

b. Benefits Provided

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's three retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits	217
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	491
TOTAL	708
Participating employers	1

d. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2009	\$ 1,757,652	\$ 187,921	10.6%	\$ 1,569,731
April 30, 2010	1,767,035	204,833	11.6%	1,562,202
April 30, 2011	846,153	585,079	68.4%	261,074

The net OPEB obligation as of April 30, 2011 was calculated as follows:

Annual required contribution	\$ 819,305
Interest on net OPEB obligation	140,937
Adjustment to annual required contribution	<u>(114,089)</u>
Annual OPEB cost	846,153
Contributions made	<u>585,079</u>
Increase in net OPEB obligation	261,074
Net OPEB obligation, beginning of year	<u>3,131,933</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 3,393,007</u>

Funded Status and Funding Progress: The funded status and funding progress of the plan as of April 30, 2010 (most recent data available) was as follows:

Actuarial accrued liability (AAL)	\$ 13,623,926
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	13,623,926
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 39,965,963
UAAL as a percentage of covered payroll	34.09%

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2010 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.5% and an initial healthcare cost trend rate of 9.0% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2011 was 30 years.

14. EMPLOYEE RETIREMENT SYSTEMS

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 ILCS 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.

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

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. 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 ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 IMRF as specified by statute. The employer contribution for the fiscal year ended 2011 was 15.27% 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 ILCS (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund.

At April 30, 2010, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	73
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	5
Current employees	
Vested	86
Nonvested	25
	<hr/>
TOTAL	<u>189</u>

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement 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 ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 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 ten 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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the preceding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension 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 35.52% of covered payroll.

14. EMPLOYEE RETIREMENT SYSTEMS (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 ILCS (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund. At April 30, 2010, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	86
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	-
Current employees	
Vested	69
Nonvested	40
	<hr/>
TOTAL	<u>195</u>

The Firefighters' Pension Plan provides retirement 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 ten 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.

14. EMPLOYEE RETIREMENT SYSTEMS (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 ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the 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 $\frac{1}{2}$ 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. $\frac{1}{2}$ % for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st 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 $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding 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 Firefighters' Pension 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 43.20% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due. Benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Administrative Costs

Administrative costs for the Police and Firefighters' Pension Plans are financed primarily through investment earnings.

c. Significant Investments

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

d. Annual Pension Costs

Employer contributions have been determined as follows:

	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	3 Year Smoothed Market	3 Year Smoothed Market
Amortization method	Level Percentage of Projected Payroll - Open Basis	Level Percentage of Projected Payroll - Closed Basis	Level Percentage of Projected Payroll - Closed Basis
Amortization period	30 Years	23 Years	23 Years

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	Not Available	Not Available
d) Postretirement benefit increases	3.00%	3.00% Compounded Annually	3.00% Compounded Annually

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

		Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2009	\$ 2,981,957	\$ 2,333,952	\$ 3,070,070
	2010	2,698,054	2,883,591	3,528,720
	2011	2,542,838	3,691,523	4,175,702
Actual contributions	2009	\$ 2,981,957	\$ 2,307,800	\$ 3,109,350
	2010	2,698,054	2,442,000	3,244,000
	2011	2,542,838	3,378,900	3,948,000
Percentage of APC contributed	2009	100.00%	98.88%	101.28%
	2010	100.00%	84.69%	91.93%
	2011	100.00%	91.53%	94.55%
NPO (asset)	2009	\$ -	\$ 587,586	\$ (1,872,076)
	2010	-	1,029,177	(1,587,356)
	2011	-	1,341,800	(1,359,654)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Annual Pension Costs (Continued)

The NPO (asset) as of April 30, 2011 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contributions	\$ 3,679,006	\$ 4,195,008
Interest on net pension obligation	77,188	(119,052)
Adjustment to annual required contribution	(64,671)	99,746
Annual pension cost	3,691,523	4,175,702
Contributions made	3,378,900	3,948,000
Increase in net pension obligation (asset)	312,623	227,702
Net pension obligation (asset), beginning of year	1,029,177	(1,587,356)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 1,341,800	\$ (1,359,654)

e. Funded Status and Funding Progress

The funded status and funding progress of the plans as of April 30, 2011 were as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2010	April 30, 2010	April 30, 2010
Actuarial accrued liability (AAL)	\$ 72,376,162	\$ 102,820,670	\$ 95,558,209
Actuarial value of plan assets	50,606,529	75,274,881	60,749,266
Unfunded actuarial accrued liability (UAAL)	21,769,633	27,545,789	34,808,943
Funded ratio (actuarial value of plan assets/AAL)	69.92%	73.17%	63.57%
Covered payroll (active plan members)	\$ 22,717,051	\$ 9,515,150	\$ 9,139,243
UAAL as a percentage of covered payroll	95.83%	289.50%	380.87%

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 14.d.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. PENSION TRUST FUNDS

a. Schedule of Net Assets as of April 30, 2011

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 2,840,997	\$ 1,797,041	\$ 4,638,038
Investments			
U.S. Government and agency obligations	39,212,369	27,556,966	66,769,335
Equity securities	15,905,708	6,974,901	22,880,609
Insurance contracts	11,377,582	-	11,377,582
Illinois Funds	2,576,455	2,583,726	5,160,181
Mutual funds	7,897,692	24,239,642	32,137,334
Municipal bonds	-	4,435,856	4,435,856
Receivables			
Accrued interest	234,112	344,233	578,345
Other	4,307	5,084	9,391
Total assets	80,049,222	67,937,449	147,986,671
LIABILITIES			
Accounts payable	32	37	69
Due to other funds	1,712,040	1,988,176	3,700,216
Total liabilities	1,712,072	1,988,213	3,700,285
NET ASSETS	\$ 78,337,150	\$ 65,949,236	\$ 144,286,386

b. Schedule of Changes in Net Assets for the year ended April 30, 2011

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 3,379,573	\$ 3,948,000	\$ 7,327,573
Participants	948,741	870,358	1,819,099
Other	30,859	5,847	36,706
Total contributions	4,359,173	4,824,205	9,183,378

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Assets for the year ended April 30, 2011 (Continued)

	Police Pension	Firefighters' Pension	Total
ADDITIONS (Continued)			
Investment income			
Net appreciation in fair value of investments	\$ 4,689,515	\$ 4,993,988	\$ 9,683,503
Interest income	2,020,005	1,866,477	3,886,482
Subtotal	<u>6,709,520</u>	<u>6,860,465</u>	<u>13,569,985</u>
Less investment expense	<u>(233,190)</u>	<u>(169,955)</u>	<u>(403,145)</u>
Net investment income	<u>6,476,330</u>	<u>6,690,510</u>	<u>13,166,840</u>
Total additions	<u>10,835,503</u>	<u>11,514,715</u>	<u>22,350,218</u>
DEDUCTIONS			
Administrative	54,601	23,782	78,383
Pension benefits and refunds	<u>3,778,118</u>	<u>4,446,637</u>	<u>8,224,755</u>
Total deductions	<u>3,832,719</u>	<u>4,470,419</u>	<u>8,303,138</u>
NET INCREASE	7,002,784	7,044,296	14,047,080
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	<u>71,334,366</u>	<u>58,904,940</u>	<u>130,239,306</u>
April 30	<u>\$ 78,337,150</u>	<u>\$ 65,949,236</u>	<u>\$ 144,286,386</u>

16. COMPONENT UNIT - ARLINGTON HEIGHTS MEMORIAL LIBRARY

a. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Library operates and maintains the public library within the Village. The Library is a legally separate entity whose board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval. The Library board has exclusive control of the expenditure of all monies collected for the Library and deposited to the credit of the Library Fund. As required by generally accepted accounting principles, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and has been determined to be a component unit of the Village.

2. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The financial position and changes in financial position of the Library's funds are reported in the basic financial statements of the Village as a component unit.

Funds are classified as governmental funds.

The General Fund is used to account for all general activities of the Library not accounted for in some other fund.

16. COMPONENT UNIT - ARLINGTON HEIGHTS MEMORIAL LIBRARY (Continued)

a. Summary of Significant Accounting Policies (Continued)

3. 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 Library. Governmental activities are normally supported by taxes, fees and intergovernmental revenues.

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.

The Library reports the following major governmental fund:

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

4. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. The Library recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

16. COMPONENT UNIT - ARLINGTON HEIGHTS MEMORIAL LIBRARY (Continued)

a. Summary of Significant Accounting Policies (Continued)

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

Those revenues susceptible to accrual are property taxes and interest revenue. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

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

5. Cash and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments with a maturity less than one year are stated at cost or amortized cost; any greater than one year when purchased are stated at fair value.

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets, except for books for which the amount is \$25, are defined by the Library as assets with an initial, individual cost of more than \$3,000 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 that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. COMPONENT UNIT - ARLINGTON HEIGHTS MEMORIAL LIBRARY (Continued)

a. Summary of Significant Accounting Policies (Continued)

6. Capital Assets (Continued)

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, if any, 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:

Assets	Years
Buildings and improvements	40
Equipment, furniture and fixtures	5-10

7. Compensated Absences

Vested or accumulated vacation and sick leave 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 vacation and sick leave of governmental activities are recorded as an expense and liability as the benefits accrue to employees.

8. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund restricted by outside parties for use for a specific purpose. None of the net assets are restricted as a result of enabling legislation adopted by the Library. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, represents the book value of capital assets less any long-term debt principal outstanding issued to construct or acquire the capital assets.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Taxes				
Property taxes	\$ 18,044,000	\$ 18,044,000	\$ 17,848,954	\$ 15,898,237
Other taxes	32,047,000	32,047,000	33,467,742	28,517,794
Licenses and permits	3,877,200	3,877,200	3,373,772	3,644,510
Grants	113,000	123,321	372,196	357,282
Charges for services	2,060,400	2,060,400	2,021,291	1,960,514
Fines and fees	4,278,500	4,278,500	4,449,754	4,301,459
Investment income	350,000	350,000	120,768	205,407
Rents and reimbursables	456,800	456,800	406,325	448,573
Miscellaneous	309,800	309,800	282,646	369,818
Total revenues	61,536,700	61,547,021	62,343,448	55,703,594
EXPENDITURES				
Current				
General government	6,251,700	6,247,205	5,771,441	7,875,528
Public safety	38,954,800	38,993,673	38,545,139	37,052,156
Highways and streets	8,930,900	8,997,238	8,308,438	8,341,525
Community development	5,135,700	5,185,740	4,815,709	5,117,338
Health and welfare	2,002,800	2,002,800	1,880,681	2,344,242
Total expenditures	61,275,900	61,426,656	59,321,408	60,730,789
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	260,800	120,365	3,022,040	(5,027,195)
OTHER FINANCING SOURCES (USES)				
Transfers in	61,496	61,496	60,186	3,599,697
Transfers (out)	(650,700)	(650,700)	(290,700)	(291,000)
Total other financing sources (uses)	(589,204)	(589,204)	(230,514)	3,308,697
NET CHANGE IN FUND BALANCE	\$ (328,404)	\$ (468,839)	2,791,526	(1,718,498)
FUND BALANCE, MAY 1			17,619,963	19,338,461
FUND BALANCE, APRIL 30			\$ 20,411,489	\$ 17,619,963

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2011

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1)/(2)	(4) Unfunded (Assets in Excess of) Actuarial Accrued Liability (2)-(1)	(5) Covered Payroll	Unfunded (Assets in Excess of) Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
2005	\$ 47,058,921	\$ 58,978,005	79.79%	\$ 11,919,084	\$ 21,317,537	55.91%
2006	51,284,657	61,519,586	83.36%	10,234,929	21,757,400	47.04%
2007	54,180,908	63,494,645	85.33%	9,313,737	22,771,008	40.90%
2008	45,813,365	69,004,236	66.39%	23,190,871	24,048,850	96.43%
2009	49,309,278	71,648,428	68.82%	22,339,150	24,788,996	90.12%
2010	50,606,529	72,376,162	69.92%	21,769,633	22,717,051	95.83%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2011

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
2005	\$ 59,593,827	\$ 71,717,827	83.09%	\$ 12,124,000	\$ 7,825,865	154.92%
2006	64,638,743	76,392,176	84.61%	11,753,433	8,152,792	144.16%
2007	70,167,689	80,956,261	86.67%	10,788,572	8,277,378	130.34%
2008	74,937,672	85,788,269	87.35%	10,850,597	8,718,245	124.46%
2009	74,802,592	92,005,341	81.30%	17,202,749	9,436,305	182.30%
2010	75,274,881	102,820,670	73.17%	27,545,789	9,515,150	289.50%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2011

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
2005	\$ 48,724,370	\$ 68,079,806	71.57%	\$ 19,355,436	\$ 7,018,789	275.77%
2006	51,351,704	71,995,480	71.33%	20,643,776	7,410,161	278.59%
2007	54,865,596	76,970,458	71.28%	22,104,862	8,071,755	273.85%
2008	58,541,413	80,785,619	72.47%	22,244,206	8,410,031	264.50%
2009	58,792,172	86,426,401	68.03%	27,634,229	8,891,600	310.79%
2010	60,749,266	95,558,209	63.57%	34,808,943	9,139,243	380.87%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF FUNDING PROGRESS

April 30, 2011

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 20,783,027	0.00%	\$ 20,783,027	\$ 39,349,404	52.82%
2010	-	13,623,926	0.00%	13,623,926	39,965,963	34.09%
2011	N/A	N/A	N/A	N/A	N/A	N/A

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available.

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF FUNDING PROGRESS
ARLINGTON HEIGHTS MEMORIAL LIBRARY

April 30, 2011

Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 2,386,457	0.00%	\$ 2,386,457	\$ 6,288,263	37.95%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	-	1,564,397	0.00%	1,564,397	4,589,180	34.09%

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The amounts above are allocated based on the Library's portion of the total village net other postemployment benefits obligation.

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2011

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	\$ 2,848,044	\$ 2,848,044	100.00%
2007	2,942,014	2,942,014	100.00%
2008	3,008,511	3,008,511	100.00%
2009	2,981,957	2,981,957	100.00%
2010	2,698,054	2,698,054	100.00%
2011	2,542,838	2,542,838	100.00%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2011

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	\$ 2,064,300	\$ 2,182,071	94.60%
2007	2,256,000	2,730,049	82.64%
2008	2,285,000	2,244,687	101.80%
2009	2,307,800	2,235,266	103.24%
2010	2,442,000	2,875,430	84.93%
2011	3,378,900	3,679,006	91.84%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2011

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	\$ 2,134,800	\$ 2,554,228	83.58%
2007	2,663,000	2,239,939	118.89%
2008	2,856,000	2,977,176	95.93%
2009	3,109,350	3,098,424	100.35%
2010	3,244,000	3,554,720	91.26%
2011	3,948,000	4,195,008	94.11%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2011

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 187,921	\$ 1,757,652	10.69%
2010	204,833	1,767,035	11.59%
2011	585,079	819,305	71.41%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009.
Information for prior years is not available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ARLINGTON HEIGHTS MEMORIAL LIBRARY

April 30, 2011

Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 21,578	\$ 201,826	10.69%
2010	23,520	201,826	11.65%
2011	67,183	94,079	71.41%

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The amounts above are allocated based on the Library's portion of the total village postemployment benefit obligation.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2011

1. BUDGETS

At the first Committee-of-the-Whole (the Committee) meeting in March, the Village Manager submits to the Committee his proposed operating budget for the fiscal year commencing the following May 1. It is for the period May 1 through April 30 and contains a budget for all funds at a line item level within each fund. The Village Manager's budget includes proposed expenditures and the means for financing them. Preceding this meeting a number of budget review meetings are held with the Village Board in February.

Public hearings are conducted in March and April to obtain citizen comments on the Village Manager's proposed budget (January for Community Development Block Grant (CDBG) funds).

At the first Village Board meeting in April, the Board of Trustees considers the proposed operating budget for the fiscal year commencing the following May 1 as approved by the Committee.

Prior to May 1, the budget, which by State law also serves as the appropriation ordinance, is adopted by the Board of Trustees and constitutes the legal budget of the Village.

The Village Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several budget amendments were completed.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service and Pension Trust funds. All annual appropriations lapse at fiscal year end.

The Operation Greenlight Fund was not budgeted.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

2. EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN
INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses (exclusive of depreciation) over budget for the fiscal year:

Fund	Excess
Enterprise	
Solid Waste	\$ 15,282
Internal Service	
Workers' Compensation	123,915
Fiduciary	
Police Pension	21,319
Firefighters' Pension	34,119

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

General Fund - to account for resources traditionally associated with governments that are not required to be accounted for in another fund.

DEBT SERVICE FUND

Debt Service Fund - to accumulate monies for payment of principal and interest on general obligation bonds.

CAPITAL PROJECTS FUND

Capital Projects Fund - to account for the costs of miscellaneous capital improvement projects and equipment replacement. Financing is provided by earmarking revenues to provide for the costs associated with the projects. Major projects include: road improvements, curb replacement, paving maintenance and sidewalk replacement/installation.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

BALANCE SHEET

April 30, 2011
(With Actual at April 30, 2010)

	2011	2010
ASSETS		
Cash and investments	\$ 19,540,182	\$ 17,362,993
Receivables (net, where applicable, of allowances for uncollectibles)		
Property taxes	10,235,317	9,403,129
Other taxes	6,444,352	6,884,864
Accrued interest	17,402	47,567
Other	1,135,592	720,846
Prepaid items	135,822	132,615
Due from other funds	149,000	220,000
Due from fiduciary funds	3,700,215	3,041,116
Inventory	68,183	71,869
TOTAL ASSETS	\$ 41,426,065	\$ 37,884,999
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,034,892	\$ 995,037
Accrued payroll	472,198	533,144
Payroll taxes payable	225,488	479,331
Deferred property taxes	19,268,500	18,244,026
Deferred revenue	13,498	13,498
Total liabilities	21,014,576	20,265,036
FUND BALANCES		
Reserved for prepaid items	135,822	132,615
Reserved for inventory	68,183	71,869
Reserved for encumbrances	-	-
Unreserved		
Designated - General Fund	625,658	756,084
Undesignated - General Fund	19,581,826	16,659,395
Total fund balances	20,411,489	17,619,963
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,426,065	\$ 37,884,999

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
TAXES				
Property taxes	\$ 18,044,000	\$ 18,044,000	\$ 17,848,954	\$ 15,898,237
Other taxes				
Municipal sales tax	9,850,000	9,850,000	10,369,871	9,570,850
Hotel tax	700,000	700,000	814,905	893,169
State income tax	6,361,000	6,361,000	5,998,989	6,111,105
State use tax	1,066,000	1,066,000	1,103,427	915,224
Replacement tax	465,000	465,000	455,733	411,138
Food/beverage tax	1,800,000	1,800,000	1,674,096	1,681,355
Sales tax - home rule	4,340,000	4,340,000	4,930,632	3,590,143
Telecommunications tax	4,420,000	4,420,000	3,772,498	4,158,597
Natural gas utility tax	1,100,000	1,100,000	1,599,092	438,147
Electric utility tax	1,700,000	1,700,000	2,452,227	479,172
Other taxes	245,000	245,000	296,272	268,894
	<u>32,047,000</u>	<u>32,047,000</u>	<u>33,467,742</u>	<u>28,517,794</u>
Total taxes	<u>50,091,000</u>	<u>50,091,000</u>	<u>51,316,696</u>	<u>44,416,031</u>
LICENSES AND PERMITS				
Vehicle licenses	1,300,000	1,300,000	1,269,572	1,297,903
Business licenses	710,000	710,000	657,521	678,944
Dog licenses	68,000	68,000	66,426	66,966
Liquor licenses	450,000	450,000	404,529	437,350
Public chauffeur licenses	10,000	10,000	4,765	4,835
Multi-dwelling licenses	72,000	72,000	68,139	74,908
Building permits	900,000	900,000	661,532	783,701
Electrical permits	110,000	110,000	74,211	81,032
Plumbing permits	85,000	85,000	62,931	71,900
Early start permit	3,000	3,000	-	188
After the fact permit	2,000	2,000	-	-
Sign permits	20,000	20,000	8,400	7,840
Elevator permits	60,000	60,000	43,695	55,076
Occupancy permits	35,000	35,000	19,880	49,880
Driveway permits	10,000	10,000	2,100	10,077
Air conditioner permits	8,000	8,000	15,340	5,133
Swimming pool permits	1,200	1,200	2,397	1,543
Chimney permits	2,000	2,000	2,950	891
Foundation only permits	6,000	6,000	38	-
Wrecking and other permits	25,000	25,000	9,346	16,343
	<u>3,877,200</u>	<u>3,877,200</u>	<u>3,373,772</u>	<u>3,644,510</u>
GRANTS				
Counselor in the park	23,000	23,000	23,000	23,000
Fire grants	-	-	46,575	108,675
EEC block grant	-	-	3,403	-
Too Good for Drugs contributions	-	-	1,250	9,648
Training reimbursement	10,000	10,000	22,814	12,436
Task force reimbursement	-	-	33,627	26,401
Other grants	80,000	90,321	241,527	177,122
	<u>113,000</u>	<u>123,321</u>	<u>372,196</u>	<u>357,282</u>

(This schedule is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
CHARGES FOR SERVICES				
Escrow deposits	\$ 25,000	\$ 25,000	\$ 5,126	\$ 12,834
Guaranteed bonds	25,000	25,000	5,765	13,280
Parking	329,200	329,200	329,200	313,500
Water	1,266,200	1,266,200	1,266,200	1,205,900
TIF	115,000	115,000	115,000	115,000
SWANCC	300,000	300,000	300,000	300,000
	<u>2,060,400</u>	<u>2,060,400</u>	<u>2,021,291</u>	<u>1,960,514</u>
FINES AND FEES				
Traffic court fines	320,000	320,000	251,187	254,654
Untagged dog fines	500	500	-	-
Parking fines	275,000	275,000	329,704	304,733
Compliance ticket fines	35,000	35,000	30,535	27,030
Ordinance ticket fines	60,000	60,000	65,928	63,152
Crime prevention fines	100	100	-	-
Other fines	15,000	15,000	16,674	30,700
Plan commission hearings	20,000	20,000	16,700	24,155
Reinspection fees	1,000	1,000	1,694	248
Rezoning fees	8,000	8,000	8,540	4,860
Plan exam fees	50,000	50,000	64,884	56,406
Fire plan examination fees	40,000	40,000	31,651	37,262
Engineering service fees	100,000	100,000	114,508	270,638
Ambulance service fees	1,790,000	1,790,000	1,674,380	1,571,730
Special police detail	175,000	175,000	229,861	191,593
Police counselor fees	210,000	210,000	301,978	266,432
Police records fees	16,000	16,000	11,121	11,183
Special fire detail	10,000	10,000	28,111	26,462
Haz-Mat inspection/review	1,000	1,000	-	-
Chemical user fees	12,000	12,000	11,118	11,590
Weed cutting fees	17,000	17,000	29,244	10,983
Lien recording fees	800	800	105	100
Animal detention fees	1,000	1,000	825	890
Cable franchise fees	910,000	910,000	1,024,153	935,008
False alarm fees	75,000	75,000	66,650	73,100
Photocopy fees	1,100	1,100	2,148	1,025
DUI administration charges	110,000	110,000	107,000	107,000
Other fees	25,000	25,000	31,055	20,525
	<u>4,278,500</u>	<u>4,278,500</u>	<u>4,449,754</u>	<u>4,301,459</u>
INVESTMENT INCOME	<u>350,000</u>	<u>350,000</u>	<u>120,768</u>	<u>205,407</u>
RENTS AND REIMBURSABLES				
Sale - plans/specs	500	500	825	2,650
Sale - printed materials	100	100	44	40
Sale - scrap	5,000	5,000	1,700	355
Sale - signs	100	100	-	-
Damage claims	43,100	43,100	35,287	53,239
NWCDS building rent	291,000	291,000	264,229	291,008
Rents/concessions	75,000	75,000	71,471	70,603
Train station rents	30,000	30,000	21,362	19,080
Traffic signal control maintenance	12,000	12,000	11,407	11,598
	<u>456,800</u>	<u>456,800</u>	<u>406,325</u>	<u>448,573</u>

(This schedule is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
MISCELLANEOUS				
Teen center receipts	\$ -	\$ -	\$ 883	\$ 10,622
Senior center receipts	2,000	2,000	1,778	11,005
Wellness program	40,000	40,000	40,433	45,384
Disabled citizen donations	100	100	1,206	1,042
Arlington Heights Emergency Assistance	10,000	10,000	22,330	17,345
NWCH in lieu of property taxes	152,700	152,700	152,706	145,435
Bad debt recovery	45,000	45,000	7,965	49,325
Other income	60,000	60,000	55,345	89,660
	<u>309,800</u>	<u>309,800</u>	<u>282,646</u>	<u>369,818</u>
TOTAL REVENUES	<u>\$ 61,536,700</u>	<u>\$ 61,547,021</u>	<u>\$ 62,343,448</u>	<u>\$ 55,703,594</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Board of Trustees	\$ 177,500	\$ 177,500	\$ 153,254	\$ 160,175
Village Manager	862,500	862,500	841,454	846,044
Human resources	382,800	382,800	366,698	334,747
Legal	710,300	710,300	675,434	696,441
Finance	1,352,500	1,352,500	1,317,697	1,377,521
Village Clerk	192,100	192,100	192,847	184,963
Boards and commissions	178,100	180,600	150,424	170,544
Municipal buildings and grounds	1,920,900	1,924,905	1,793,836	1,842,864
Other	475,000	464,000	279,797	2,262,229
	<u>6,251,700</u>	<u>6,247,205</u>	<u>5,771,441</u>	<u>7,875,528</u>
PUBLIC SAFETY				
Police	21,187,100	21,218,703	20,829,424	20,153,188
Fire	17,767,700	17,774,970	17,715,715	16,898,968
	<u>38,954,800</u>	<u>38,993,673</u>	<u>38,545,139</u>	<u>37,052,156</u>
HIGHWAYS AND STREETS				
Public works	8,930,900	8,997,238	8,308,438	8,341,525
COMMUNITY DEVELOPMENT				
Planning and community development	1,375,200	1,415,005	1,263,071	1,317,418
Building	2,225,000	2,227,809	2,082,181	2,227,206
Engineering	1,535,500	1,542,926	1,470,457	1,572,714
	<u>5,135,700</u>	<u>5,185,740</u>	<u>4,815,709</u>	<u>5,117,338</u>
HEALTH AND WELFARE				
Youth services	-	-	-	413,312
Senior services	444,500	444,500	410,003	435,674
Health services	1,558,300	1,558,300	1,470,678	1,495,256
	<u>2,002,800</u>	<u>2,002,800</u>	<u>1,880,681</u>	<u>2,344,242</u>
TOTAL EXPENDITURES	<u>\$ 61,275,900</u>	<u>\$ 61,426,656</u>	<u>\$ 59,321,408</u>	<u>\$ 60,730,789</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Board of Trustees				
Salaries	\$ 30,900	\$ 30,900	\$ 22,400	\$ 22,400
Fringe benefits	5,900	5,900	3,698	3,707
Contractual services	139,200	139,200	125,644	132,653
Commodities	1,500	1,500	1,512	1,415
	<u>177,500</u>	<u>177,500</u>	<u>153,254</u>	<u>160,175</u>
Village Manager				
Salaries	558,600	586,300	577,127	576,289
Fringe benefits	227,000	199,300	199,415	207,941
Contractual services	67,700	67,700	56,424	55,930
Commodities	9,200	9,200	8,488	5,884
	<u>862,500</u>	<u>862,500</u>	<u>841,454</u>	<u>846,044</u>
Human Resources				
Salaries	165,100	165,100	165,739	148,857
Fringe benefits	137,200	137,200	135,515	111,990
Contractual services	56,500	56,500	49,625	55,228
Commodities	2,500	2,500	1,883	2,207
Other charges	21,500	21,500	13,936	16,465
	<u>382,800</u>	<u>382,800</u>	<u>366,698</u>	<u>334,747</u>
Legal				
Salaries	278,700	278,700	271,659	286,568
Fringe benefits	87,600	87,600	85,437	86,719
Contractual services	275,700	275,700	273,624	247,631
Commodities	14,800	14,800	11,577	19,587
Other charges	53,500	53,500	33,137	55,936
	<u>710,300</u>	<u>710,300</u>	<u>675,434</u>	<u>696,441</u>
Finance				
Salaries	759,300	759,300	755,749	792,590
Fringe benefits	245,800	245,800	243,753	259,649
Contractual services	321,500	321,500	297,784	301,585
Commodities	25,900	25,900	20,411	23,697
	<u>1,352,500</u>	<u>1,352,500</u>	<u>1,317,697</u>	<u>1,377,521</u>
Village Clerk				
Salaries	116,100	116,100	122,831	114,770
Fringe benefits	57,000	57,000	57,745	54,094
Contractual services	16,800	16,800	11,265	14,589
Commodities	2,200	2,200	1,006	1,510
	<u>192,100</u>	<u>192,100</u>	<u>192,847</u>	<u>184,963</u>

(This schedule is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT (Continued)				
Boards and Commissions				
Salaries	\$ 10,300	\$ 10,300	\$ 7,083	\$ 6,085
Fringe benefits	1,300	1,300	542	466
Contractual services	130,100	130,100	111,431	130,145
Commodities	6,000	6,000	362	1,141
Other charges	30,400	32,900	31,006	32,707
	<u>178,100</u>	<u>180,600</u>	<u>150,424</u>	<u>170,544</u>
Municipal Buildings and Grounds				
Salaries	541,700	541,700	508,395	507,160
Fringe benefits	218,800	218,800	211,507	205,106
Contractual services	951,600	953,863	905,225	959,233
Commodities	208,800	210,542	168,709	171,365
	<u>1,920,900</u>	<u>1,924,905</u>	<u>1,793,836</u>	<u>1,842,864</u>
Other				
Contingency	200,000	189,000	-	-
Other charges	275,000	275,000	279,797	262,532
ERI payoff	-	-	-	1,999,697
	<u>475,000</u>	<u>464,000</u>	<u>279,797</u>	<u>2,262,229</u>
Total general government	<u>6,251,700</u>	<u>6,247,205</u>	<u>5,771,441</u>	<u>7,875,528</u>
PUBLIC SAFETY				
Police				
Salaries	12,411,400	12,411,400	12,095,595	12,414,235
Fringe benefits	6,249,100	6,249,100	6,222,150	5,257,561
Contractual services	1,960,500	1,977,843	1,954,697	1,947,179
Commodities	473,800	488,060	465,066	444,632
Police grants				
Salaries	72,500	72,500	72,372	70,177
Fringe benefits	19,800	19,800	19,544	19,404
	<u>21,187,100</u>	<u>21,218,703</u>	<u>20,829,424</u>	<u>20,153,188</u>
Fire				
Salaries	9,844,600	9,844,600	9,904,213	9,881,696
Fringe benefits	6,254,200	6,254,200	6,255,810	5,462,410
Contractual services	1,320,300	1,320,300	1,291,604	1,271,262
Commodities	348,600	355,870	264,088	283,600
	<u>17,767,700</u>	<u>17,774,970</u>	<u>17,715,715</u>	<u>16,898,968</u>
Total public safety	<u>38,954,800</u>	<u>38,993,673</u>	<u>38,545,139</u>	<u>37,052,156</u>

(This schedule is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
HIGHWAYS AND STREETS				
Public Works				
Salaries	\$ 3,371,100	\$ 3,371,100	\$ 3,175,075	\$ 3,275,749
Fringe benefits	1,520,700	1,520,700	1,446,086	1,481,238
Contractual services	2,992,600	3,016,673	2,707,624	2,624,893
Commodities	1,046,500	1,088,765	979,653	959,645
Total highways and streets	8,930,900	8,997,238	8,308,438	8,341,525
COMMUNITY DEVELOPMENT				
Planning and Community Development				
Salaries	811,900	811,900	802,863	829,929
Fringe benefits	299,300	299,300	293,493	307,613
Contractual services	125,700	141,700	95,148	117,194
Commodities	18,600	16,100	7,982	9,419
Other charges	119,700	146,005	63,585	53,263
	1,375,200	1,415,005	1,263,071	1,317,418
Building				
Salaries	1,445,700	1,445,700	1,354,394	1,437,829
Fringe benefits	522,000	522,000	487,835	522,846
Contractual services	234,000	236,809	217,257	246,980
Commodities	23,300	23,300	22,695	19,551
	2,225,000	2,227,809	2,082,181	2,227,206
Engineering				
Salaries	936,300	936,300	929,588	992,717
Fringe benefits	357,800	357,800	347,689	370,903
Contractual services	219,800	227,226	176,335	192,284
Commodities	21,600	21,600	16,845	16,810
	1,535,500	1,542,926	1,470,457	1,572,714
Total community development	5,135,700	5,185,740	4,815,709	5,117,338
HEALTH AND WELFARE				
Youth Services				
Salaries	-	-	-	300,478
Fringe benefits	-	-	-	84,145
Contractual services	-	-	-	23,091
Commodities	-	-	-	5,598
	-	-	-	413,312

(This schedule is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
HEALTH AND WELFARE (Continued)				
Senior Services				
Salaries	\$ 263,600	\$ 263,600	\$ 250,940	\$ 257,038
Fringe benefits	64,200	64,200	60,382	61,065
Contractual services	100,900	100,900	84,796	102,261
Commodities	15,800	15,800	13,885	15,310
	<u>444,500</u>	<u>444,500</u>	<u>410,003</u>	<u>435,674</u>
Health Services				
Salaries	859,900	859,900	856,554	866,555
Fringe benefits	332,000	332,000	325,976	336,730
Contractual services	195,900	195,900	161,051	172,213
Commodities	71,400	71,400	50,155	46,121
Other charges	99,100	99,100	76,942	73,637
	<u>1,558,300</u>	<u>1,558,300</u>	<u>1,470,678</u>	<u>1,495,256</u>
Total health and welfare	<u>2,002,800</u>	<u>2,002,800</u>	<u>1,880,681</u>	<u>2,344,242</u>
TOTAL EXPENDITURES	<u>\$ 61,275,900</u>	<u>\$ 61,426,656</u>	<u>\$ 59,321,408</u>	<u>\$ 60,730,789</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DEBT SERVICE FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 7,195,100	\$ 7,195,100	\$ 7,087,474	\$ 7,175,004
Investment income	40,000	40,000	34,766	64,327
Total revenues	7,235,100	7,235,100	7,122,240	7,239,331
EXPENDITURES				
Debt service				
Principal retirement	5,550,000	5,570,000	5,570,000	5,445,000
Interest and fiscal charges	2,626,690	2,580,192	2,580,096	2,919,681
Issuance costs	-	36,426	36,426	50,878
Total expenditures	8,176,690	8,186,618	8,186,522	8,415,559
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(941,590)	(951,518)	(1,064,282)	(1,176,228)
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	2,855,000	2,855,000	8,380,000
Premium on bonds issued	-	34,900	34,909	105,632
Payment to escrow agent	-	(2,849,266)	(2,849,266)	(8,426,288)
Transfers in	978,100	978,100	978,100	960,400
Total other financing sources (uses)	978,100	1,018,734	1,018,743	1,019,744
NET CHANGE IN FUND BALANCE	\$ 36,510	\$ 67,216	(45,539)	(156,484)
FUND BALANCE, MAY 1			1,789,843	1,946,327
FUND BALANCE, APRIL 30			\$ 1,744,304	\$ 1,789,843

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CAPITAL PROJECTS FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 3,966,200	\$ 3,966,200	\$ 4,023,335	\$ 3,701,004
Grants	2,625,050	2,625,050	297,531	-
Investment income	40,000	40,000	57,766	97,428
Miscellaneous				
Other	29,000	29,000	211,945	359,014
Total revenues	6,660,250	6,660,250	4,590,577	4,157,446
EXPENDITURES				
Capital outlay				
Contractual services	350,000	485,060	42,161	39,085
Equipment	416,600	534,160	443,749	477,115
Construction	8,584,700	8,794,829	3,866,762	4,037,605
Debt service				
Interest and fiscal charges	-	-	-	46,000
Total expenditures	9,351,300	9,814,049	4,352,672	4,599,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,691,050)	(3,153,799)	237,905	(442,359)
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	-	-	2,050,000
Premium on bonds issued	-	-	-	24,888
Transfers in	-	-	-	60,000
Transfers (out)	-	-	-	(1,999,697)
Total other financing sources (uses)	-	-	-	135,191
NET CHANGE IN FUND BALANCE	\$ (2,691,050)	\$ (3,153,799)	237,905	(307,168)
FUND BALANCE, MAY 1			6,162,092	6,469,260
FUND BALANCE, APRIL 30			\$ 6,399,997	\$ 6,162,092

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund - to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Community Development Block Grant (CDBG) Fund - to account for the revenue and expenditures associated with the CDBG. The grant is provided by the U.S. Department of Housing and Urban Development to develop urban communities by expanding economic opportunities and providing housing and a suitable living environment. The beneficiaries of the CDBG Program must be individuals with low and/or moderate incomes.

First Time Homebuyer Grant Fund - to account for a special designated grant(s) from the Department of Housing and Urban Development for eligible multi-family rehabilitation programs.

Fire Academy Fund - to account for direct revenues and expenditures associated with the Village's Fire Training Academy.

Foreign Fire Insurance Fund - to account for revenue derived from a 2% tax of the gross receipts from out-of-state businesses engaged in providing fire insurance within the Village.

Criminal Investigations Fund - to account for revenues awarded by criminal courts and expenditures for police investigations.

Municipal Parking Operations Fund - to account for revenues and expenditures associated with the Village's parking system.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

TIF I South Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Financing District Number I in the South Central Business District.

TIF II North Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Financing District Number II in the North Central Business District.

TIF III Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Financing District Number III on the southeast corner of Palatine Road and Arlington Heights Road.

TIF IV Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Financing District Number IV on the northeast corner of Arlington Heights Road and Golf Road.

TIF V Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Financing District Number V on the southeast corner of Arlington Heights Road and Palatine Road.

Operation Greenlight Grant Fund - to account for revenues and expenditures associated with the reconstruction of the commuter parking facilities located at the Arlington Park Rail Road Station and associated traffic signalization on Wilke Road.

CAPITAL PROJECTS FUNDS

Flood Control Phase V Fund - to account for the costs of constructing the second portion of the Weller Creek Flood Control Project. Financing was provided by the \$14,200,000 Series 1993 Corporate Purpose bonds.

Public Building Fund - to account for the costs of planning, development and construction of a new village hall. Financing is provided by the \$20,000,000 General Obligation Bonds, Series 2006.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

April 30, 2011

	Special Revenue Funds				
	Motor Fuel Tax	Community Development Block Grant	First Time Homebuyer Grant	Fire Academy	Foreign Fire Insurance
ASSETS					
Cash and investments	\$ 977,100	\$ 13,786	\$ -	\$ 246,836	\$ 327,941
Receivables					
Property taxes	-	-	-	-	-
Other taxes	158,804	-	-	-	-
Accrued interest	-	-	-	356	1,102
CDBG rehabilitation loans	-	2,275,113	-	-	-
Grants	-	30,011	-	-	-
Other	-	-	-	-	-
Prepaid items	-	-	-	400	-
TOTAL ASSETS	\$ 1,135,904	\$ 2,318,910	\$ -	\$ 247,592	\$ 329,043
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 67,804	\$ 3,947	\$ -	\$ 3,386	\$ 100
Retainage payable	-	-	-	-	-
Accrued payroll	-	139	-	1,056	-
Deferred property taxes	-	-	-	-	-
Deferred grant revenue	-	2,280,824	-	-	-
Due to other funds	-	34,000	-	-	-
Total liabilities	67,804	2,318,910	-	4,442	100
FUND BALANCES					
Reserved for prepaids	-	-	-	400	-
Reserved for public safety	-	-	-	242,750	328,943
Reserved for highways and streets	1,068,100	-	-	-	-
Reserved for community development	-	-	-	-	-
Unreserved - designated					
Garage operations maintenance	-	-	-	-	-
Unreserved - undesignated	-	-	-	-	-
Total fund balances	1,068,100	-	-	243,150	328,943
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,135,904	\$ 2,318,910	\$ -	\$ 247,592	\$ 329,043

Special Revenue Funds						
Criminal Investigations	Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V
\$ 1,703,341	\$ 4,643,735	\$ 610,596	\$ -	\$ 1,219,787	\$ 265,888	\$ 2,152,278
-	-	-	-	129,983	251,368	343,619
-	-	-	-	-	-	-
-	8,133	8,192	-	1,795	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	17,489	-	-	-	-	-
-	7,457	-	-	-	-	-
<u>\$ 1,703,341</u>	<u>\$ 4,676,814</u>	<u>\$ 618,788</u>	<u>\$ -</u>	<u>\$ 1,351,565</u>	<u>\$ 517,256</u>	<u>\$ 2,495,897</u>
\$ 2,523	\$ 44,582	\$ 3,146	\$ -	\$ -	\$ 17,768	\$ -
-	-	-	-	-	-	-
-	6,731	-	-	-	-	-
-	-	-	-	288,800	495,200	693,700
1,618,967	25,270	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,621,490</u>	<u>76,583</u>	<u>3,146</u>	<u>-</u>	<u>288,800</u>	<u>512,968</u>	<u>693,700</u>
-	7,457	-	-	-	-	-
81,851	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	615,642	-	1,062,765	4,288	1,802,197
-	4,592,774	-	-	-	-	-
-	-	-	-	-	-	-
<u>81,851</u>	<u>4,600,231</u>	<u>615,642</u>	<u>-</u>	<u>1,062,765</u>	<u>4,288</u>	<u>1,802,197</u>
<u>\$ 1,703,341</u>	<u>\$ 4,676,814</u>	<u>\$ 618,788</u>	<u>\$ -</u>	<u>\$ 1,351,565</u>	<u>\$ 517,256</u>	<u>\$ 2,495,897</u>

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (Continued)

April 30, 2011

	Special Revenue		Capital Projects		Total
	Operation Greenlight Grant	Flood Control Phase V	Public Building		
ASSETS					
Cash and investments	\$ 1,059	\$ 2,503,569	\$ 1,929,503	\$	16,595,419
Receivables					
Property taxes	-	-	-		724,970
Other taxes	-	-	-		158,804
Accrued interest	-	-	3,654		23,232
CDBG rehabilitation loans	-	-	-		2,275,113
Grants	131,935	-	-		161,946
Other	-	-	-		17,489
Prepaid items	-	-	-		7,857
TOTAL ASSETS	\$ 132,994	\$ 2,503,569	\$ 1,933,157	\$	19,964,830
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 2,314	\$ 226,266	\$	371,836
Retainage payable	17,994	-	-		17,994
Accrued payroll	-	-	-		7,926
Deferred property taxes	-	-	-		1,477,700
Deferred grant revenue	-	-	-		3,925,061
Due to other funds	115,000	-	-		149,000
Total liabilities	132,994	2,314	226,266	\$	5,949,517
FUND BALANCES					
Reserved for prepaids	-	-	-		7,857
Reserved for public safety	-	-	-		653,544
Reserved for highways and streets	-	-	-		1,068,100
Reserved for community development	-	2,501,255	-		5,986,147
Unreserved - designated					
Garage operations maintenance	-	-	-		4,592,774
Unreserved - undesignated	-	-	1,706,891		1,706,891
Total fund balances	-	2,501,255	1,706,891	\$	14,015,313
TOTAL LIABILITIES AND FUND BALANCES	\$ 132,994	\$ 2,503,569	\$ 1,933,157	\$	19,964,830

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended April 30, 2011

	Special Revenue				
	Motor Fuel Tax	Community Development Block Grant	First Time Homebuyer Grant	Fire Academy	Foreign Fire Insurance
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Grants	1,946,520	-	-	-	117,835
Fines and fees	519,139	339,356	-	-	-
Investment income	-	-	-	72,850	-
Miscellaneous	525	-	39	2,220	2,911
	-	13,505	-	678	33
Total revenues	2,466,184	352,861	39	75,748	120,779
EXPENDITURES					
Current					
Public safety	-	-	-	92,602	115,888
Highways and streets	27,674	-	-	-	-
Community development	-	202,861	-	-	-
Capital outlay	2,160,765	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	2,188,439	202,861	-	92,602	115,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	277,745	150,000	39	(16,854)	4,891
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(150,000)	(10,186)	-	-
Total other financing sources (uses)	-	(150,000)	(10,186)	-	-
NET CHANGE IN FUND BALANCES	277,745	-	(10,147)	(16,854)	4,891
FUND BALANCE (DEFICIT), MAY 1	790,355	-	10,147	260,004	324,052
FUND BALANCE, APRIL 30	\$ 1,068,100	\$ -	\$ -	\$ 243,150	\$ 328,943

Special Revenue						
Criminal Investigations	Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V
\$ -	\$ -	\$ -	\$ -	\$ 277,915	\$ 267,798	\$ 604,486
218,476	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,007,722	-	-	-	-	-
8,369	40,366	2,026	7,379	10,122	2,286	19,003
-	-	-	-	-	12,036	-
226,845	1,048,088	2,026	7,379	288,037	282,120	623,489
203,218	-	-	-	-	-	-
-	1,121,463	-	-	-	-	-
-	-	-	-	22,901	120,391	52,225
-	25,000	41,101	290,203	-	175,998	11,536
-	-	-	-	-	-	-
-	-	-	-	-	-	-
203,218	1,146,463	41,101	290,203	22,901	296,389	63,761
23,627	(98,375)	(39,075)	(282,824)	265,136	(14,269)	559,728
-	-	654,717	-	-	-	-
-	-	-	(654,717)	(260,900)	-	(276,500)
-	-	654,717	(654,717)	(260,900)	-	(276,500)
23,627	(98,375)	615,642	(937,541)	4,236	(14,269)	283,228
58,224	4,698,606	-	937,541	1,058,529	18,557	1,518,969
\$ 81,851	\$ 4,600,231	\$ 615,642	\$ -	\$ 1,062,765	\$ 4,288	\$ 1,802,197

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

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

For the Year Ended April 30, 2011

	Special Revenue		Capital Projects		Total
	Operation Green Light Grant	Flood Control Phase V	Public Building		
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	1,150,199
Intergovernmental Grants	-	-	-	-	2,282,831
Fines and fees	-	-	-	-	858,495
Investment income	-	24,733	18,379	-	1,080,572
Miscellaneous	-	-	-	-	138,358
					26,252
Total revenues	-	24,733	18,379	-	5,536,707
EXPENDITURES					
Current					
Public safety	-	-	-	-	411,708
Highways and streets	-	-	-	-	1,149,137
Community development	-	-	-	-	398,378
Capital outlay	-	31,908	17,084	-	2,753,595
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	31,908	17,084	-	4,712,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(7,175)	1,295	-	823,889
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	654,717
Transfers (out)	-	-	-	-	(1,352,303)
Total other financing sources (uses)	-	-	-	-	(697,586)
NET CHANGE IN FUND BALANCES	-	(7,175)	1,295	-	126,303
FUND BALANCE (DEFICIT), MAY 1	-	2,508,430	1,705,596	-	13,889,010
FUND BALANCE, APRIL 30	\$ -	\$ 2,501,255	\$ 1,706,891	\$ -	\$ 14,015,313

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MOTOR FUEL TAX FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental				
Motor fuel tax revenues	\$ 1,970,000	\$ 1,970,000	\$ 1,946,520	\$ 1,941,816
State grant	185,000	185,000	519,139	-
Investment income	1,000	1,000	525	1,020
Total revenues	<u>2,156,000</u>	<u>2,156,000</u>	<u>2,466,184</u>	<u>1,942,836</u>
EXPENDITURES				
Current				
Highways and streets				
Contractual services	45,000	46,449	27,674	26,851
Capital outlay	2,510,200	2,516,730	2,160,765	2,472,586
Total expenditures	<u>2,555,200</u>	<u>2,563,179</u>	<u>2,188,439</u>	<u>2,499,437</u>
NET CHANGE IN FUND BALANCE	<u>\$ (399,200)</u>	<u>\$ (407,179)</u>	277,745	(556,601)
FUND BALANCE, MAY 1			<u>790,355</u>	<u>1,346,956</u>
FUND BALANCE, APRIL 30			<u>\$ 1,068,100</u>	<u>\$ 790,355</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental				
Federal grants	\$ 385,660	\$ 445,598	\$ 339,356	\$ 398,964
Miscellaneous				
Program income	50,000	50,000	13,505	48,757
Total revenues	<u>435,660</u>	<u>495,598</u>	<u>352,861</u>	<u>447,721</u>
EXPENDITURES				
Current				
Community development				
Planning and community development				
Salaries	64,600	64,600	64,600	72,300
CDBG program				
Other charges	221,060	280,998	138,261	165,421
Total expenditures	<u>285,660</u>	<u>345,598</u>	<u>202,861</u>	<u>237,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	150,000	150,000	150,000	210,000
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(150,000)	(150,000)	(150,000)	(210,000)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	-
FUND BALANCE, MAY 1			-	-
FUND BALANCE, APRIL 30			<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIRST TIME HOMEBUYER GRANT FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental				
Federal grants	\$ -	\$ -	\$ -	\$ 28,498
Fines and fees				
Program administration fee	-	-	-	3,000
Investment income	-	-	39	586
Total revenues	-	-	39	32,084
EXPENDITURES				
Current				
Community development				
Planning and community development				
Salaries	-	-	-	28,035
Other charges	-	-	-	29,998
Total expenditures	-	-	-	58,033
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	39	(25,949)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(11,496)	(11,496)	(10,186)	-
Total other financing sources (uses)	(11,496)	(11,496)	(10,186)	-
NET CHANGE IN FUND BALANCE	\$ (11,496)	\$ (11,496)	(10,147)	(25,949)
FUND BALANCE, MAY 1			10,147	36,096
FUND BALANCE, APRIL 30			\$ -	\$ 10,147

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIRE ACADEMY FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and fees				
Fire academy tuition	\$ 187,000	\$ 187,000	\$ 72,850	\$ 129,841
Investment income	1,000	1,000	2,220	4,030
Miscellaneous	-	-	678	-
Total revenues	<u>188,000</u>	<u>188,000</u>	<u>75,748</u>	<u>133,871</u>
EXPENDITURES				
Current				
Public safety				
Fire academy				
Salaries	60,300	60,300	25,668	51,998
Contractual services	164,100	164,100	49,456	44,744
Commodities	37,800	37,800	17,478	23,496
Total expenditures	<u>262,200</u>	<u>262,200</u>	<u>92,602</u>	<u>120,238</u>
NET CHANGE IN FUND BALANCE	<u>\$ (74,200)</u>	<u>\$ (74,200)</u>	(16,854)	13,633
FUND BALANCE, MAY 1			<u>260,004</u>	<u>246,371</u>
FUND BALANCE, APRIL 30			<u>\$ 243,150</u>	<u>\$ 260,004</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FOREIGN FIRE INSURANCE FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental				
Foreign fire insurance tax	\$ 90,000	\$ 90,000	\$ 117,835	\$ 104,658
Investment income	2,500	2,500	2,911	5,232
Miscellaneous income	-	-	33	400
Total revenues	92,500	92,500	120,779	110,290
EXPENDITURES				
Current				
Public safety	190,000	190,000	115,888	147,526
NET CHANGE IN FUND BALANCE	\$ (97,500)	\$ (97,500)	4,891	(37,236)
FUND BALANCE, MAY 1			324,052	361,288
FUND BALANCE, APRIL 30			\$ 328,943	\$ 324,052

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CRIMINAL INVESTIGATIONS FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 218,476	\$ 191,465
Investment income	-	-	8,369	5,681
Miscellaneous income	-	-	-	100
Total revenues	-	-	226,845	197,246
EXPENDITURES				
Current				
Public safety	133,100	245,151	203,218	189,981
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(133,100)	(245,151)	23,627	7,265
NET CHANGE IN FUND BALANCE	<u>\$ (133,100)</u>	<u>\$ (245,151)</u>	23,627	7,265
FUND BALANCE, MAY 1			58,224	50,959
FUND BALANCE, APRIL 30			<u>\$ 81,851</u>	<u>\$ 58,224</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MUNICIPAL PARKING OPERATIONS FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and fees	\$ 1,002,800	\$ 1,002,800	\$ 1,007,722	\$ 975,809
Investment income	46,000	46,000	40,366	71,488
Miscellaneous	-	-	-	1,259
Total revenues	1,048,800	1,048,800	1,048,088	1,048,556
EXPENDITURES				
Current				
Highways and streets				
Salaries	449,700	449,700	427,614	431,994
Contractual services	348,700	348,700	304,271	349,551
Commodities	69,200	69,497	60,378	45,523
Other charges	329,200	329,200	329,200	313,500
Capital outlay	45,000	53,587	25,000	18,305
Total expenditures	1,241,800	1,250,684	1,146,463	1,158,873
NET CHANGE IN FUND BALANCE	\$ (193,000)	\$ (201,884)	(98,375)	(110,317)
FUND BALANCE, MAY 1			4,698,606	4,808,923
FUND BALANCE, APRIL 30			\$ 4,600,231	\$ 4,698,606

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF I SOUTH FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ -	\$ -	\$ 2,026	\$ -
Total revenues	-	-	2,026	-
EXPENDITURES				
Current				
Capital outlay	425,000	425,000	41,101	-
Total expenditures	425,000	425,000	41,101	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(425,000)	(425,000)	(39,075)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	425,000	425,000	654,717	-
Total other financing sources (uses)	425,000	425,000	654,717	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	615,642	-
FUND BALANCE (DEFICIT), MAY 1			-	-
FUND BALANCE (DEFICIT), APRIL 30			\$ 615,642	\$ -

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF II NORTH FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 1,559,858
Investment income	-	-	7,379	22,920
Total revenues	-	-	7,379	1,582,778
EXPENDITURES				
Current				
Highways and streets				
Other charges	-	-	-	6,967
Capital outlay	248,872	846,154	290,203	605,531
Total expenditures	248,872	846,154	290,203	612,498
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(248,872)	(846,154)	(282,824)	970,280
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(425,000)	(425,000)	(654,717)	-
Total other financing sources (uses)	(425,000)	(425,000)	(654,717)	-
NET CHANGE IN FUND BALANCE	\$ (673,872)	\$ (1,271,154)	(937,541)	970,280
FUND BALANCE (DEFICIT), MAY 1			937,541	(32,739)
FUND BALANCE (DEFICIT), APRIL 30			\$ -	\$ 937,541

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF III FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 380,000	\$ 380,000	\$ 277,915	\$ 331,407
Investment income	10,000	10,000	10,122	16,720
Total revenues	390,000	390,000	288,037	348,127
EXPENDITURES				
Current				
Community development				
Administration	20,000	26,537	6,538	6,967
Contractual services	30,000	34,875	1,363	4,125
Other expenditures	15,000	15,000	15,000	15,000
Total expenditures	65,000	76,412	22,901	26,092
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	325,000	313,588	265,136	322,035
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(260,900)	(260,900)	(260,900)	(256,600)
Total other financing sources (uses)	(260,900)	(260,900)	(260,900)	(256,600)
NET CHANGE IN FUND BALANCE	\$ 64,100	\$ 52,688	4,236	65,435
FUND BALANCE, MAY 1			1,058,529	993,094
FUND BALANCE, APRIL 30			\$ 1,062,765	\$ 1,058,529

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF IV FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 540,000	\$ 540,000	\$ 267,798	\$ 555,707
Investment income	1,000	1,000	2,286	4,835
Miscellaneous	-	-	12,036	-
Total revenues	541,000	541,000	282,120	560,542
EXPENDITURES				
Current				
Community development				
Contractual services	100,000	101,547	70,391	50,659
Other expenditures	60,000	60,000	50,000	50,000
Capital outlay	500,000	500,000	175,998	469,809
Total expenditures	660,000	661,547	296,389	570,468
NET CHANGE IN FUND BALANCE	\$ (119,000)	\$ (120,547)	(14,269)	(9,926)
FUND BALANCE, MAY 1			18,557	28,483
FUND BALANCE, APRIL 30			<u>\$ 4,288</u>	<u>\$ 18,557</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF V FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 1,456,000	\$ 1,456,000	\$ 604,486	\$ 1,426,902
Investment income	10,000	10,000	19,003	24,422
Miscellaneous	-	-	-	-
Total revenues	<u>1,466,000</u>	<u>1,466,000</u>	<u>623,489</u>	<u>1,451,324</u>
EXPENDITURES				
Current				
Community development				
Contractual services	30,000	35,625	2,225	4,125
Other expenditures	50,000	50,000	50,000	50,000
Capital outlay	40,000	51,537	11,536	6,967
Debt service				
Principal	-	-	-	388,691
Interest	-	-	-	19,435
Total expenditures	<u>120,000</u>	<u>137,162</u>	<u>63,761</u>	<u>469,218</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,346,000</u>	<u>1,328,838</u>	<u>559,728</u>	<u>982,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(276,500)</u>	<u>(276,500)</u>	<u>(276,500)</u>	<u>(262,800)</u>
Total other financing sources (uses)	<u>(276,500)</u>	<u>(276,500)</u>	<u>(276,500)</u>	<u>(262,800)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,069,500</u>	<u>\$ 1,052,338</u>	283,228	719,306
FUND BALANCE, MAY 1			<u>1,518,969</u>	<u>799,663</u>
FUND BALANCE, APRIL 30			<u>\$ 1,802,197</u>	<u>\$ 1,518,969</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLOOD CONTROL PHASE V FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ 15,000	\$ 15,000	\$ 24,733	\$ 24,519
EXPENDITURES				
Capital outlay				
Contractual services	-	-	-	918
Construction in progress	1,900,000	1,931,595	31,908	90,542
Total expenditures	1,900,000	1,931,595	31,908	91,460
NET CHANGE IN FUND BALANCE	<u>\$ (1,885,000)</u>	<u>\$ (1,916,595)</u>	(7,175)	(66,941)
FUND BALANCE, MAY 1			2,508,430	2,575,371
FUND BALANCE, APRIL 30			<u>\$ 2,501,255</u>	<u>\$ 2,508,430</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PUBLIC BUILDING FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ 20,000	\$ 20,000	\$ 18,379	\$ 32,859
Miscellaneous	-	-	-	-
Total revenues	20,000	20,000	18,379	32,859
EXPENDITURES				
Capital outlay				
Contractual services	-	24,841	5,875	15,938
Capital outlay	100,000	100,000	11,209	6,670
Total expenditures	100,000	124,841	17,084	22,608
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(80,000)	(104,841)	1,295	10,251
NET CHANGE IN FUND BALANCE	<u>\$ (80,000)</u>	<u>\$ (104,841)</u>	1,295	10,251
FUND BALANCE, MAY 1			1,705,596	1,695,345
FUND BALANCE, APRIL 30			<u>\$ 1,706,891</u>	<u>\$ 1,705,596</u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

STATEMENT OF NET ASSETS

April 30, 2011
(With Actual at April 30, 2010)

	2011	2010
CURRENT ASSETS		
Cash and investments	\$ 4,863,585	\$ 5,736,567
Receivables		
Customer accounts	1,648,377	1,547,370
Accrued interest	17,746	23,664
Inventory	426,118	256,680
Total current assets	<u>6,955,826</u>	<u>7,564,281</u>
NONCURRENT ASSETS		
Capital assets		
Nondepreciable capital assets	2,648,950	2,648,950
Depreciable capital assets	98,402,494	98,402,494
Accumulated depreciation	<u>(69,195,070)</u>	<u>(67,694,322)</u>
Net capital assets	<u>31,856,374</u>	<u>33,357,122</u>
Other assets		
Investment in joint venture	<u>14,356,411</u>	<u>14,454,669</u>
Total other assets	<u>14,356,411</u>	<u>14,454,669</u>
Total noncurrent assets	<u>46,212,785</u>	<u>47,811,791</u>
Total assets	<u>53,168,611</u>	<u>55,376,072</u>
CURRENT LIABILITIES		
Accounts payable	408,335	289,629
Accrued payroll	84,514	88,360
Compensated absences payable	<u>59,644</u>	<u>55,216</u>
Total current liabilities	<u>552,493</u>	<u>433,205</u>
LONG-TERM LIABILITIES		
Compensated absences payable	337,981	312,887
Net other postemployment benefits obligation	<u>147,522</u>	<u>136,171</u>
Total long-term liabilities	<u>485,503</u>	<u>449,058</u>
Total liabilities	<u>1,037,996</u>	<u>882,263</u>
NET ASSETS		
Invested in capital assets, net of related debt	31,856,374	33,357,122
Unrestricted	<u>20,274,241</u>	<u>21,136,687</u>
TOTAL NET ASSETS	<u>\$ 52,130,615</u>	<u>\$ 54,493,809</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 13,600,400	\$ 13,600,400	\$ 12,730,188	\$ 11,908,829
Miscellaneous	147,000	147,000	118,743	118,281
Total operating revenues	13,747,400	13,747,400	12,848,931	12,027,110
OPERATING EXPENSES				
Personal services	5,563,300	5,563,300	5,268,312	5,203,167
Contractual services	2,195,400	2,265,233	2,196,320	2,076,198
Northwest Water Commission	3,496,000	3,496,000	3,252,454	3,290,902
Commodities	892,200	929,783	579,016	876,536
Charges for services	1,409,200	1,399,700	1,268,029	1,207,879
Gain from joint venture				
Northwest Water Commission	-	-	98,258	17,229
Other	2,238,600	2,764,717	1,088,592	62,379
Total operating expenses	15,794,700	16,418,733	13,750,981	12,734,290
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(2,047,300)	(2,671,333)	(902,050)	(707,180)
Depreciation	-	-	1,500,748	1,571,649
OPERATING INCOME (LOSS)	(2,047,300)	(2,671,333)	(2,402,798)	(2,278,829)
NONOPERATING REVENUES (EXPENSES)				
Investment income	60,000	60,000	39,604	83,884
Total nonoperating revenues (expenses)	60,000	60,000	39,604	83,884
INCOME (LOSS) BEFORE TRANSFERS	(1,987,300)	(2,611,333)	(2,363,194)	(2,194,945)
TRANSFERS				
Transfers (out)	(80,000)	(80,000)	-	-
Total transfers	(80,000)	(80,000)	-	-
CHANGE IN NET ASSETS	\$ (2,067,300)	\$ (2,691,333)	(2,363,194)	(2,194,945)
NET ASSETS, MAY 1			54,493,809	56,688,754
NET ASSETS, APRIL 30			\$ 52,130,615	\$ 54,493,809

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
PERSONAL SERVICES				
Finance				
Salaries	\$ 513,500	\$ 513,500	\$ 489,563	\$ 479,256
Overtime	500	500	-	-
Workers' compensation	1,100	1,100	1,100	1,100
Medical insurance	94,900	94,900	94,900	88,200
IMRF	57,500	57,500	54,864	55,343
FICA	31,900	31,900	29,495	28,907
Medicare	7,500	7,500	6,898	6,761
Water utility operations				
Salaries	3,172,500	3,172,500	2,922,399	3,045,922
Overtime	311,300	311,300	299,392	201,276
Workers' compensation	203,600	203,600	203,600	195,800
Medical insurance	525,700	525,700	525,700	511,600
IMRF	382,900	382,900	365,902	370,033
FICA	210,900	210,900	198,377	192,914
Medicare	49,500	49,500	46,600	45,676
Compensated absences	-	-	29,522	(19,621)
Total personal services	5,563,300	5,563,300	5,268,312	5,203,167
CONTRACTUAL SERVICES				
Finance				
Professional service	14,400	14,400	11,796	11,555
Other services	65,000	74,500	62,611	76,238
Travel and training	1,500	1,500	-	340
Postage	62,000	62,000	65,032	64,551
Printing	14,200	14,200	6,540	11,892
IT service charge	97,700	97,700	97,700	102,400
Water utility operations				
Professional services	99,000	99,000	42,715	31,943
General insurance	47,000	47,000	47,000	44,800
Equipment maintenance	33,000	37,500	29,464	19,461
Radio maintenance	2,500	2,500	316	577
Building maintenance	8,000	13,023	5,023	2,848
Pumping station maintenance	22,000	31,680	30,931	20,988
Sewer collection system	20,000	47,295	40,551	14,142
Water distribution system	275,000	275,000	201,327	108,574

(This schedule is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
CONTRACTUAL SERVICES (Continued)				
Water utility operations (Continued)				
Meter installation	\$ 198,000	\$ 211,835	\$ 207,974	\$ 215,718
Equipment rental	245,000	245,000	244,396	183,574
Utility services	311,000	311,000	442,998	451,155
Disposal services	75,000	75,000	39,600	46,620
Other services	64,000	64,000	55,813	33,494
Dues	3,000	3,000	2,816	4,673
Travel and training	13,400	13,400	14,794	17,579
Postage	3,500	3,500	2,722	2,383
Printing	1,800	1,800	574	1,681
Annual consumer report	20,000	20,000	14,382	13,563
Service charge	151,900	151,900	151,900	153,400
Claims and refunds	10,000	10,000	894	-
Vehicle/equipment lease charge	317,500	317,500	317,500	394,900
Telephone services	20,000	20,000	58,951	47,149
Total contractual services	2,195,400	2,265,233	2,196,320	2,076,198
NORTHWEST WATER COMMISSION	3,496,000	3,496,000	3,252,454	3,290,902
COMMODITIES				
Finance				
Office supplies and equipment	5,000	5,000	2,000	4,514
Overhead sewer rebate program	50,000	50,000	12,678	35,312
Water utility operations				
Publications and periodicals	1,000	1,000	955	558
Office supplies and equipment	3,500	3,500	3,554	3,354
Photographic supplies	1,000	1,000	-	371
Data system supplies	5,000	5,000	203	1,098
Clothing	25,000	25,000	15,510	16,385
Petroleum products	73,700	73,700	76,511	61,755
Water distribution supplies	185,000	185,000	64,998	167,203
Meter/backflow devices	155,000	178,898	81,785	277,505
Pumping and storage supplies	30,000	40,000	32,805	23,401
Sewer collection supplies	38,000	38,000	22,314	38,311
Agricultural supplies	15,000	15,000	8,697	2,213
Building supplies	15,000	15,000	6,042	3,667
Chemicals	20,000	20,000	7,648	6,516

(This schedule is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
COMMODITIES (Continued)				
Water utility operations (Continued)				
Other equipment and supplies	\$ 65,000	\$ 68,685	\$ 58,588	\$ 45,239
Small tools and equipment	20,000	20,000	9,537	7,438
Street and sidewalk supplies	170,000	170,000	161,221	175,614
Other supplies	15,000	15,000	13,970	6,082
Total commodities	892,200	929,783	579,016	876,536
CHARGES FOR SERVICES				
Water utility operations				
Administrative service charge	1,266,200	1,266,200	1,266,200	1,205,900
Operating contingency	143,000	133,500	-	-
Other	-	-	1,829	1,979
Total charges for services	1,409,200	1,399,700	1,268,029	1,207,879
GAIN FROM JOINT VENTURE				
Northwest Water Commission	-	-	98,258	17,229
OTHER				
Capital outlay				
Water utility operations				
Office equipment	15,000	15,000	3,903	6,039
Other equipment	116,600	116,600	30,917	41,675
Building improvements	72,000	72,000	-	12,871
Construction in progress	2,035,000	2,561,117	1,053,772	520,306
Subtotal	2,238,600	2,764,717	1,088,592	580,891
TOTAL OPERATIONS	\$ 15,794,700	\$ 16,418,733	13,750,981	13,252,802
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized			-	(518,512)
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS			\$ 13,750,981	\$ 12,734,290

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

Solid Waste Disposal Fund - to account for the provision of solid waste disposal services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Arts, Entertainment & Events Fund - to account for costs associated with village presentations or participation in art, theatrical and new community events.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF NET ASSETS

April 30, 2011

	Solid Waste Disposal	Arts, Entertainment & Events	Total
CURRENT ASSETS			
Cash and investments	\$ 1,590,304	\$ 525,014	\$ 2,115,318
Receivables			
Customer accounts	121,696	-	121,696
Accrued interest	1,332	1,320	2,652
Prepaid expenses	123,608	-	123,608
Total current assets	1,836,940	526,334	2,363,274
CAPITAL ASSETS			
Nondepreciable capital assets	-	475,200	475,200
Depreciable capital assets	-	2,514,999	2,514,999
Accumulated depreciation	-	(574,023)	(574,023)
Net capital assets	-	2,416,176	2,416,176
Total assets	1,836,940	2,942,510	4,779,450
CURRENT LIABILITIES			
Accounts payable	-	4,613	4,613
NET ASSETS			
Invested in capital assets	-	2,416,176	2,416,176
Unrestricted	1,836,940	521,721	2,358,661
TOTAL NET ASSETS	\$ 1,836,940	\$ 2,937,897	\$ 4,774,837

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the Year Ended April 30, 2011

	Solid Waste Disposal	Arts, Entertainment & Events	Total
OPERATING REVENUES			
Charges for services	\$ 1,406,829	\$ 33,550	\$ 1,440,379
Miscellaneous			
Other	109,443	-	109,443
Total operating revenues	1,516,272	33,550	1,549,822
OPERATING EXPENSES			
Operations	1,492,582	406,969	1,899,551
Depreciation	-	68,824	68,824
Total operating expenses	1,492,582	475,793	1,968,375
OPERATING INCOME (LOSS)	23,690	(442,243)	(418,553)
NONOPERATING REVENUES (EXPENSES)			
Investment income	13,954	4,829	18,783
Building management fee	-	6,000	6,000
Food and beverage tax	-	420,102	420,102
Total nonoperating revenues (expenses)	13,954	430,931	444,885
INCOME (LOSS) BEFORE TRANSFERS	37,644	(11,312)	26,332
TRANSFERS			
Transfers (out)	-	(50,000)	(50,000)
CHANGE IN NET ASSETS	37,644	(61,312)	(23,668)
NET ASSETS, MAY 1	1,799,296	2,999,209	4,798,505
NET ASSETS, APRIL 30	\$ 1,836,940	\$ 2,937,897	\$ 4,774,837

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2011

	Solid Waste Disposal	Arts, Entertainment & Events	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,466,186	\$ 33,550	\$ 1,499,736
Payments to suppliers	(1,495,181)	(401,838)	(1,897,019)
Net cash from operating activities	(28,995)	(368,288)	(397,283)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers	-	(50,000)	(50,000)
Food and beverage tax receipts	-	426,102	426,102
Net cash from noncapital financing activities	-	376,102	376,102
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	-	-	-
Net cash from capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	15,933	5,475	21,408
Net cash from investing activities	15,933	5,475	21,408
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,062)	13,289	227
CASH AND CASH EQUIVALENTS, MAY 1	1,603,366	511,725	2,115,091
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 1,590,304</u>	<u>\$ 525,014</u>	<u>\$ 2,115,318</u>

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2011

	Solid Waste Disposal	Arts, Entertainment & Events	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 23,690	\$ (442,243)	\$ (418,553)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	-	68,824	68,824
Change in assets and liabilities			
Receivables	(50,086)	-	(50,086)
Prepaid expenses	(2,099)	4,000	1,901
Accounts payable	(500)	1,131	631
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (28,995)</u>	<u>\$ (368,288)</u>	<u>\$ (397,283)</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SOLID WASTE DISPOSAL FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 1,510,000	\$ 1,510,000	\$ 1,406,829	\$ 1,627,737
Miscellaneous	-	-	109,443	34,432
Total operating revenues	1,510,000	1,510,000	1,516,272	1,662,169
OPERATING EXPENSES				
Operations	1,467,300	1,477,300	1,492,582	1,422,141
OPERATING INCOME	42,700	32,700	23,690	240,028
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,000	13,000	13,954	21,560
CHANGE IN NET ASSETS	\$ 55,700	\$ 45,700	37,644	261,588
NET ASSETS, MAY 1			1,799,296	1,537,708
NET ASSETS, APRIL 30			\$ 1,836,940	\$ 1,799,296

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ARTS, ENTERTAINMENT & EVENTS FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Special events	\$ 36,600	\$ 36,600	\$ 33,550	\$ 30,375
OPERATING EXPENSES				
Operations	476,200	504,517	406,969	355,204
Depreciation	-	-	68,824	85,749
Total operating expenses	476,200	504,517	475,793	440,953
OPERATING INCOME (LOSS)	(439,600)	(467,917)	(442,243)	(410,578)
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,000	5,000	4,829	11,514
Building management fee	-	-	6,000	-
Food and beverage tax	450,000	450,000	420,102	419,219
Total nonoperating revenues (expenses)	455,000	455,000	430,931	430,733
INCOME BEFORE TRANSFERS	15,400	(12,917)	(11,312)	20,155
TRANSFERS				
Transfers (out)	(50,000)	(50,000)	(50,000)	(300,000)
CHANGE IN NET ASSETS	<u>\$ (34,600)</u>	<u>\$ (62,917)</u>	(61,312)	(279,845)
NET ASSETS, MAY 1			2,999,209	3,279,054
NET ASSETS, APRIL 30			<u>\$ 2,937,897</u>	<u>\$ 2,999,209</u>

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

Health and Life Insurance Fund - to account for all costs associated with self-insurance risks for health and life insurance.

Retiree Health Insurance Fund - to account for all costs associated with self-insurance risks for health insurance for retirees.

General Liability Insurance Fund - to account for all costs associated with self-insurance risks for general liability and property loss.

Workers' Compensation Fund - to account for all costs associated with self-insurance risks for general liability and property loss.

Fleet Operations Fund - to account for all costs associated with maintaining and servicing the vehicles and equipment operated by the various departments within the Village.

Technology Fund - to account for all costs associated with providing technology services to all departments for the operations of the Village.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

April 30, 2011

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
CURRENT ASSETS			
Cash and investments	\$ 4,034,819	\$ 233,417	\$ 4,027,418
Receivables			
Accrued interest	11,996	-	10,241
Inventory	-	-	-
Total current assets	4,046,815	233,417	4,037,659
CAPITAL ASSETS			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net capital assets	-	-	-
Total assets	4,046,815	233,417	4,037,659
CURRENT LIABILITIES			
Accounts payable	261,724	-	33,299
Accrued payroll	1,817	-	-
Claims payable	655,681	233,417	316,580
Compensated absences payable	650	-	-
Total current liabilities	919,872	233,417	349,879
LONG-TERM LIABILITIES			
Compensated absences payable	3,683	-	-
Net other postemployment benefits obligation	11,556	-	-
Total long-term liabilities	15,239	-	-
Total liabilities	935,111	233,417	349,879
NET ASSETS			
Invested in capital assets	-	-	-
Unreserved	3,111,704	-	3,687,780
TOTAL NET ASSETS	\$ 3,111,704	\$ -	\$ 3,687,780

Workers' Compensation	Fleet Operations	Technology	Total
\$ 5,518,791	\$ 6,010,558	\$ 1,375,958	\$ 21,200,961
6,885	10,750	4,321	44,193
-	85,136	-	85,136
5,525,676	6,106,444	1,380,279	21,330,290
-	16,609,777	-	16,609,777
-	(11,206,802)	-	(11,206,802)
-	5,402,975	-	5,402,975
5,525,676	11,509,419	1,380,279	26,733,265
18,875	129,017	47,208	490,123
1,314	18,607	11,897	33,635
1,332,182	-	-	2,537,860
755	15,784	7,397	24,586
1,353,126	163,408	66,502	3,086,204
4,281	89,440	41,919	139,323
5,777	69,763	47,509	134,605
10,058	159,203	89,428	273,928
1,363,184	322,611	155,930	3,360,132
-	5,402,975	-	5,402,975
4,162,492	5,783,833	1,224,349	17,970,158
\$ 4,162,492	\$ 11,186,808	\$ 1,224,349	\$ 23,373,133

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the Year Ended April 30, 2011

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
OPERATING REVENUES			
Charges for services	\$ 8,046,416	\$ 1,516,170	\$ 615,700
Fines	-	-	-
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Other	1,500	99,297	-
Total operating revenues	8,047,916	1,615,467	615,700
OPERATING EXPENSES			
Personal services	111,682	-	-
Contractual services	3,037,878	532,665	331,990
Commodities	500	-	-
Insurance claims	3,558,821	1,353,650	325,514
Capital outlay	-	-	-
Total operating expenses	6,708,881	1,886,315	657,504
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,339,035	(270,848)	(41,804)
DEPRECIATION	-	-	-
OPERATING INCOME (LOSS)	1,339,035	(270,848)	(41,804)
NONOPERATING REVENUES (EXPENSES)			
Investment income	18,933	-	38,930
Contribution of capital assets	-	-	-
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	18,933	-	38,930
INCOME (LOSS) BEFORE TRANSFERS	1,357,968	(270,848)	(2,874)
TRANSFERS			
Transfers in	-	270,848	-
Transfers (out)	(270,848)	-	-
Total transfers	(270,848)	270,848	-
CHANGE IN NET ASSETS	1,087,120	-	(2,874)
NET ASSETS, MAY 1	2,024,584	-	3,690,654
NET ASSETS, APRIL 30	\$ 3,111,704	\$ -	\$ 3,687,780

Workers' Compensation	Fleet Operations	Technology	Total
\$ 1,743,116	\$ 2,547,743	\$ 1,521,800	\$ 15,990,945
-	33,476	-	33,476
-	29,000	-	29,000
-	-	-	-
6,804	140,882	-	248,483
1,749,920	2,751,101	1,521,800	16,301,904
180,971	1,197,104	831,761	2,321,518
250,855	328,494	304,905	4,786,787
1,021	409,164	49,103	459,788
1,160,668	-	-	6,398,653
-	6,906	197,903	204,809
1,593,515	1,941,668	1,383,672	14,171,555
156,405	809,433	138,128	2,130,349
-	1,120,880	-	1,120,880
156,405	(311,447)	138,128	1,009,469
46,203	50,889	11,310	166,265
-	34,010	-	34,010
-	109,776	-	109,776
46,203	194,675	11,310	310,051
202,608	(116,772)	149,438	1,319,520
-	-	-	270,848
-	-	-	(270,848)
-	-	-	-
202,608	(116,772)	149,438	1,319,520
3,959,884	11,303,580	1,074,911	22,053,613
\$ 4,162,492	\$ 11,186,808	\$ 1,224,349	\$ 23,373,133

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2011

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services	\$ 8,047,916	\$ 1,615,467	\$ 615,700
Payments to suppliers	(6,576,336)	(1,881,357)	(1,385,592)
Payments to employees	(110,183)	-	-
Net cash from operating activities	<u>1,361,397</u>	<u>(265,890)</u>	<u>(769,892)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers in	-	270,848	-
Interfund transfers (out)	(270,848)	-	-
Net cash from noncapital financing activities	<u>(270,848)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	-	-	-
Proceeds from the sale of capital assets	-	-	-
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	19,461	-	44,189
Net cash from investing activities	<u>19,461</u>	<u>-</u>	<u>44,189</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,110,010	(265,890)	(725,703)
CASH AND CASH EQUIVALENTS, MAY 1	<u>2,924,809</u>	<u>228,459</u>	<u>4,753,121</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 4,034,819</u>	<u>\$ (37,431)</u>	<u>\$ 4,027,418</u>

Workers' Compensation	Fleet Operations	Technology	Total
\$ 1,749,920	\$ 2,751,101	\$ 1,521,800	\$ 16,301,904
(1,347,238)	(667,836)	(522,884)	(12,381,243)
(178,699)	(1,192,541)	(839,842)	(2,321,265)
223,983	890,724	159,074	1,599,396
-	-	-	270,848
-	-	-	(270,848)
-	-	-	-
-	(738,023)	-	(738,023)
-	109,776	-	109,776
-	(628,247)	-	(628,247)
52,699	58,146	12,814	187,309
52,699	58,146	12,814	187,309
276,682	320,623	171,888	887,610
5,242,109	5,689,935	1,204,070	20,042,503
\$ 5,518,791	\$ 6,010,558	\$ 1,375,958	\$ 20,930,113

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2011

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,339,035	\$ (270,848)	\$ (41,804)
Depreciation	-	-	-
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Change in assets and liabilities			
Prepaid expenses	-	-	9,014
Inventories	-	-	-
Accounts payable	5,163	-	33,299
Accrued payroll	136	-	-
Compensated absences payable	506	-	-
Net other postemployment benefits obligation	857	-	-
Claims payable	15,700	4,958	(770,401)
NET CASH FROM OPERATING ACTIVITIES	\$ 1,361,397	\$ (265,890)	\$ (769,892)

Workers' Compensation	Fleet Operations	Technology	Total
\$ 156,405	\$ (311,447)	\$ 138,128	\$ 1,009,469
-	1,120,880	-	1,120,880
-	1,372	-	10,386
-	(2,545)	-	(2,545)
7,462	77,901	29,027	152,852
298	729	(1,932)	(769)
1,546	(1,734)	(10,861)	(10,543)
428	5,568	4,712	11,565
57,844	-	-	(691,899)
\$ 223,983	\$ 890,724	\$ 159,074	\$ 1,599,396

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

HEALTH AND LIFE INSURANCE FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 8,191,600	\$ 8,191,600	\$ 8,046,416	\$ 8,146,735
Miscellaneous	-	-	1,500	-
Total operating revenues	8,191,600	8,191,600	8,047,916	8,146,735
OPERATING EXPENSES				
Personal services	119,100	119,100	111,682	111,991
Contractual services	3,505,900	3,505,900	3,037,878	3,266,760
Commodities	500	500	500	392
Insurance claims	5,830,300	5,830,300	3,558,821	3,870,728
Total operating expenses	9,455,800	9,455,800	6,708,881	7,249,871
OPERATING INCOME (LOSS)	(1,264,200)	(1,264,200)	1,339,035	896,864
NONOPERATING REVENUES (EXPENSES)				
Investment income	15,000	15,000	18,933	22,970
INCOME (LOSS) BEFORE TRANSFERS	(1,249,200)	(1,249,200)	1,357,968	919,834
TRANSFERS				
Transfers in	440,000	440,000	-	-
Transfers (out)	(792,200)	(792,200)	(270,848)	(517,679)
Total transfers	(352,200)	(352,200)	(270,848)	(517,679)
CHANGE IN NET ASSETS	<u>\$ (1,601,400)</u>	<u>\$ (1,601,400)</u>	1,087,120	402,155
NET ASSETS, MAY 1			2,024,584	1,622,429
NET ASSETS, APRIL 30			<u>\$ 3,111,704</u>	<u>\$ 2,024,584</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

RETIREE HEALTH INSURANCE FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 1,593,700	\$ 1,593,700	\$ 1,516,170	\$ 1,555,389
Miscellaneous income	107,000	107,000	99,297	102,322
Total operating revenues	1,700,700	1,700,700	1,615,467	1,657,711
OPERATING EXPENSES				
Contractual services	651,700	651,700	532,665	581,395
Insurance claims	1,841,200	1,841,200	1,353,650	1,593,995
Total operating expenses	2,492,900	2,492,900	1,886,315	2,175,390
INCOME (LOSS) BEFORE TRANSFERS	(792,200)	(792,200)	(270,848)	(517,679)
TRANSFERS				
Transfers in	792,200	792,200	270,848	517,679
CHANGE IN NET ASSETS	\$ -	\$ -	-	-
NET ASSETS, MAY 1			-	-
NET ASSETS, APRIL 30			\$ -	\$ -

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL LIABILITY INSURANCE FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 622,300	\$ 622,300	\$ 615,700	\$ 592,800
Total operating revenues	622,300	622,300	615,700	592,800
OPERATING EXPENSES				
Contractual services	491,800	491,800	331,990	334,845
Insurance claims	420,000	1,327,250	325,514	314,977
Total operating expenses	911,800	1,819,050	657,504	649,822
OPERATING INCOME (LOSS)	(289,500)	(1,196,750)	(41,804)	(57,022)
NONOPERATING REVENUES (EXPENSES)				
Investment income	70,000	70,000	38,930	71,993
CHANGE IN NET ASSETS	\$ (219,500)	\$ (1,126,750)	(2,874)	14,971
NET ASSETS, MAY 1			3,690,654	3,675,683
NET ASSETS, APRIL 30			\$ 3,687,780	\$ 3,690,654

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WORKERS' COMPENSATION FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 1,670,200	\$ 1,670,200	\$ 1,743,116	\$ 1,734,067
Miscellaneous				
Other	-	-	6,804	53,718
Total operating revenues	1,670,200	1,670,200	1,749,920	1,787,785
OPERATING EXPENSES				
Personal services	230,300	230,300	180,971	100,336
Contractual services	377,000	377,000	250,855	277,954
Commodities	2,300	2,300	1,021	1,625
Insurance claims	860,000	860,000	1,160,668	870,307
Total operating expenses	1,469,600	1,469,600	1,593,515	1,250,222
OPERATING INCOME	200,600	200,600	156,405	537,563
NONOPERATING REVENUES (EXPENSES)				
Investment income	75,000	75,000	46,203	71,689
CHANGE IN NET ASSETS	<u>\$ 275,600</u>	<u>\$ 275,600</u>	202,608	609,252
NET ASSETS, MAY 1			3,959,884	3,350,632
NET ASSETS, APRIL 30			<u>\$ 4,162,492</u>	<u>\$ 3,959,884</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLEET OPERATIONS FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 2,550,700	\$ 2,550,700	\$ 2,547,743	\$ 2,617,199
Intergovernmental	45,100	45,100	29,000	-
Fines	30,000	30,000	33,476	31,992
Miscellaneous	130,000	130,000	140,882	135,479
Total operating revenues	<u>2,755,800</u>	<u>2,755,800</u>	<u>2,751,101</u>	<u>2,784,670</u>
OPERATING EXPENSES				
Personal services	1,268,500	1,268,500	1,197,104	1,200,642
Contractual services	283,400	325,391	328,494	238,319
Commodities	393,400	393,400	409,164	349,599
Operating contingency	30,000	30,000	-	-
Capital outlay	758,000	1,058,550	6,906	1,350
Total operating expenses	<u>2,733,300</u>	<u>3,075,841</u>	<u>1,941,668</u>	<u>1,789,910</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	22,500	(320,041)	809,433	994,760
DEPRECIATION	-	-	1,120,880	1,118,346
OPERATING INCOME (LOSS)	<u>22,500</u>	<u>(320,041)</u>	<u>(311,447)</u>	<u>(123,586)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	100,000	100,000	50,889	90,834
Contribution of capital assets	-	-	34,010	-
Gain on disposal of capital assets	-	-	109,776	146,646
Total nonoperating revenues (expenses)	<u>100,000</u>	<u>100,000</u>	<u>194,675</u>	<u>237,480</u>
INCOME (LOSS) BEFORE TRANSFERS	122,500	(220,041)	(116,772)	113,894
TRANSFERS				
Transfers (out)	-	-	-	(400,000)
CHANGE IN NET ASSETS	<u>\$ 122,500</u>	<u>\$ (220,041)</u>	<u>(116,772)</u>	<u>(286,106)</u>
NET ASSETS, MAY 1			<u>11,303,580</u>	<u>11,589,686</u>
NET ASSETS, APRIL 30			<u>\$ 11,186,808</u>	<u>\$ 11,303,580</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLEET OPERATIONS FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011			2010 Actual
	Original Budget	Final Budget	Actual	
PERSONAL SERVICES				
Salaries	\$ 862,100	\$ 862,100	\$ 812,900	\$ 826,113
Overtime	46,800	46,800	32,622	32,485
Workers' compensation	39,200	39,200	39,200	37,700
Medical insurance	157,600	157,600	157,600	142,100
IMRF	95,800	95,800	91,913	92,761
Social Security	54,300	54,300	50,953	49,994
Medicare	12,700	12,700	11,916	11,692
Compensated absences	-	-	-	7,797
Total personal services	1,268,500	1,268,500	1,197,104	1,200,642
CONTRACTUAL SERVICES				
Equipment maintenance	10,000	10,000	6,252	7,832
Radio maintenance	1,500	1,500	-	139
Vehicle equipment maintenance	135,000	145,000	178,432	106,075
Vehicle damage	25,000	56,991	65,904	23,701
Equipment rental	2,500	2,500	2,960	1,307
Lease expense	71,600	71,600	41,049	58,354
Disposal services	3,000	3,000	418	1,635
Other services	24,100	24,100	23,600	23,929
Dues	600	600	371	761
Travel and training	2,300	2,300	2,266	2,120
Postage	100	100	116	163
Printing	1,000	1,000	912	714
Photocopying	600	600	114	2,960
Vehicle and equipment lease charge	6,100	6,100	6,100	8,629
Total contractual services	283,400	325,391	328,494	238,319

(This schedule is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLEET OPERATIONS FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
COMMODITIES				
Publications and periodicals	\$ 300	\$ 300	\$ -	\$ -
Office supplies and equipment	400	400	311	378
Clothing	6,500	6,500	5,167	3,998
Petroleum products	600	600	627	385
Nonvillage fuel resale	120,300	120,300	127,861	107,003
Vehicle maintenance supplies	215,000	215,000	247,882	211,158
Other equipment and supplies	10,000	10,000	10,928	9,957
Small tools and equipment	3,500	3,500	3,330	3,604
Other supplies	1,800	1,800	906	1,557
Wheeling bus maintenance	35,000	35,000	12,152	11,559
Total commodities	393,400	393,400	409,164	349,599
OPERATING CONTINGENCY	30,000	30,000	-	-
CAPITAL OUTLAY	758,000	1,058,550	726,929	739,307
TOTAL OPERATIONS	<u>\$ 2,733,300</u>	<u>\$ 3,075,841</u>	2,661,691	2,527,867
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized			(720,023)	(737,957)
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS			<u>\$ 1,941,668</u>	<u>\$ 1,789,910</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TECHNOLOGY FUND

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

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 1,521,800	\$ 1,521,800	\$ 1,521,800	\$ 1,516,500
Miscellaneous	-	-	-	778
Total operating revenues	<u>1,521,800</u>	<u>1,521,800</u>	<u>1,521,800</u>	<u>1,517,278</u>
OPERATING EXPENSES				
Personal services	899,300	899,300	831,761	854,676
Contractual services	321,000	321,000	304,905	294,129
Commodities	91,000	91,000	49,103	60,817
Capital outlay	201,000	201,000	197,903	158,404
Total operating expenses	<u>1,512,300</u>	<u>1,512,300</u>	<u>1,383,672</u>	<u>1,368,026</u>
OPERATING INCOME	9,500	9,500	138,128	149,252
NONOPERATING REVENUES (EXPENSES)				
Investment income	10,000	10,000	11,310	27,073
INCOME BEFORE TRANSFERS	<u>19,500</u>	<u>19,500</u>	<u>149,438</u>	<u>176,325</u>
TRANSFERS				
Transfers (out)	-	-	-	(900,000)
CHANGE IN NET ASSETS	<u>\$ 19,500</u>	<u>\$ 19,500</u>	149,438	(723,675)
NET ASSETS, MAY 1			<u>1,074,911</u>	<u>1,798,586</u>
NET ASSETS, APRIL 30			<u>\$ 1,224,349</u>	<u>\$ 1,074,911</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Police Pension Fund - to account for the resources necessary to provide retirement and disability benefits to personnel of the Arlington Heights Police Department. Revenues are provided by the following: Village contributions (made possible by a property tax levy), employee contributions and investment income.

Firefighters' Pension Fund - to account for the resources necessary to provide retirement and disability benefits to personnel of the Arlington Heights Fire Department. Revenues are provided by the following: Village contributions (made possible by a property tax levy), employee contributions and investment income.

AGENCY FUNDS

Guaranty Deposits Fund - to account for deposits by developers and contractors providing services within the Village to guarantee performance of construction contracts. These funds are later returned to the developer or contractor upon completion of the contract.

Escrow Deposits Fund - to account for deposits by developers and contractors providing services within the Village. These funds are used to reimburse the Village for the cost of goods and services provided.

Special Assessments Collection Fund - to account for the collection of special assessments from property owners. The collections are used to repay Special Assessment debt, for which the Village is not obligated.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

April 30, 2011

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 2,840,997	\$ 1,797,041	\$ 4,638,038
Investments			
U.S. Government and agency obligations	39,212,369	27,556,966	66,769,335
Equity securities	15,905,708	6,974,901	22,880,609
Insurance contracts	11,377,582	-	11,377,582
Illinois Funds	2,576,455	2,583,726	5,160,181
Mutual funds	7,897,692	24,239,642	32,137,334
Municipal bonds	-	4,435,856	4,435,856
Receivables			
Accrued interest	234,112	344,233	578,345
Other	4,307	5,084	9,391
Total assets	80,049,222	67,937,449	147,986,671
LIABILITIES			
Accounts payable	32	37	69
Deposits payable	-	-	-
Due to other funds	1,712,040	1,988,176	3,700,216
Other payables	-	-	-
Total liabilities	1,712,072	1,988,213	3,700,285
NET ASSETS	\$ 78,337,150	\$ 65,949,236	\$ 144,286,386

Agency			
Guaranty Deposits	Escrow Deposits	Special Assessments Collection	Total
\$ 574,116	\$ 707,141	\$ 350,560	\$ 1,631,817
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,330	-	572	1,902
-	1,750	205,415	207,165
575,446	708,891	556,547	1,840,884
3,500	-	-	3,500
571,946	704,090	556,547	1,832,583
-	-	-	-
-	4,801	-	4,801
575,446	708,891	556,547	1,840,884
\$ -	\$ -	\$ -	\$ -

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended April 30, 2011

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 3,379,573	\$ 3,948,000	\$ 7,327,573
Participants	948,741	870,358	1,819,099
Other	30,859	5,847	36,706
Total contributions	<u>4,359,173</u>	<u>4,824,205</u>	<u>9,183,378</u>
Investment income			
Net appreciation in fair value of investments	4,689,515	4,993,988	9,683,503
Interest income	<u>2,020,005</u>	<u>1,866,477</u>	<u>3,886,482</u>
Subtotal	6,709,520	6,860,465	13,569,985
Less investment expense	<u>(233,190)</u>	<u>(169,955)</u>	<u>(403,145)</u>
Net investment income	<u>6,476,330</u>	<u>6,690,510</u>	<u>13,166,840</u>
Total additions	<u>10,835,503</u>	<u>11,514,715</u>	<u>22,350,218</u>
DEDUCTIONS			
Administrative	54,601	23,782	78,383
Pension benefits and refunds	<u>3,778,118</u>	<u>4,446,637</u>	<u>8,224,755</u>
Total deductions	<u>3,832,719</u>	<u>4,470,419</u>	<u>8,303,138</u>
NET INCREASE	7,002,784	7,044,296	14,047,080
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	<u>71,334,366</u>	<u>58,904,940</u>	<u>130,239,306</u>
April 30	<u>\$ 78,337,150</u>	<u>\$ 65,949,236</u>	<u>\$ 144,286,386</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2011
(With Actual for 2010)

	2011		2010 Actual
	Original Budget	Final Budget	
ADDITIONS			
Contributions			
Employer	\$ 3,378,000	\$ 3,378,000	\$ 2,442,000
Participants	990,000	990,000	951,678
Other	-	-	3,422
Total contributions	<u>4,368,000</u>	<u>4,368,000</u>	<u>3,397,100</u>
Investment income			
Net appreciation in fair value of investments	2,000,000	2,000,000	7,927,590
Interest income	2,300,000	2,300,000	2,112,552
Subtotal	<u>4,300,000</u>	<u>4,300,000</u>	<u>10,040,142</u>
Less investment expense	<u>(270,000)</u>	<u>(270,000)</u>	<u>(188,851)</u>
Net investment income	<u>4,030,000</u>	<u>4,030,000</u>	<u>9,851,291</u>
Total additions	<u>8,398,000</u>	<u>8,398,000</u>	<u>13,248,391</u>
DEDUCTIONS			
Administrative	46,400	46,400	42,640
Pension benefits and refunds	3,765,000	3,765,000	3,514,679
Total deductions	<u>3,811,400</u>	<u>3,811,400</u>	<u>3,557,319</u>
NET INCREASE	<u>\$ 4,586,600</u>	<u>\$ 4,586,600</u>	7,002,784
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1			<u>71,334,366</u>
April 30			<u>\$ 78,337,150</u> <u>\$ 71,334,366</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

(With Actual for 2010)

	2011		Actual	2010 Actual
	Original Budget	Final Budget		
ADDITIONS				
Contributions				
Employer	\$ 3,948,000	\$ 3,948,000	\$ 3,948,000	\$ 3,244,000
Participants	910,000	910,000	870,358	868,019
Other	-	-	5,847	18,340
Total contributions	<u>4,858,000</u>	<u>4,858,000</u>	<u>4,824,205</u>	<u>4,130,359</u>
Investment income				
Net appreciation in fair value in investments	1,700,000	1,700,000	4,993,988	8,063,993
Interest income	1,625,000	1,625,000	1,866,477	1,715,735
Subtotal	<u>3,325,000</u>	<u>3,325,000</u>	<u>6,860,465</u>	<u>9,779,728</u>
Less investment expense	<u>(170,200)</u>	<u>(170,200)</u>	<u>(169,955)</u>	<u>(160,250)</u>
Net investment income	<u>3,154,800</u>	<u>3,154,800</u>	<u>6,690,510</u>	<u>9,619,478</u>
Total additions	<u>8,012,800</u>	<u>8,012,800</u>	<u>11,514,715</u>	<u>13,749,837</u>
DEDUCTIONS				
Administrative	37,300	37,300	23,782	56,228
Pension benefits and refunds	4,399,000	4,399,000	4,446,637	4,106,487
Total deductions	<u>4,436,300</u>	<u>4,436,300</u>	<u>4,470,419</u>	<u>4,162,715</u>
NET INCREASE	<u>\$ 3,576,500</u>	<u>\$ 3,576,500</u>	7,044,296	9,587,122
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
May 1			<u>58,904,940</u>	<u>49,317,818</u>
April 30			<u>\$ 65,949,236</u>	<u>\$ 58,904,940</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended April 30, 2011

	Balances May 1	Additions	Deletions	Balances April 30
GUARANTY DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 664,307	\$ 2,170	\$ 92,361	\$ 574,116
Accrued interest receivable	2,083	1,330	2,083	1,330
TOTAL ASSETS	\$ 666,390	\$ 3,500	\$ 94,444	\$ 575,446
LIABILITIES				
Accounts payable	\$ 2,600	\$ 3,500	\$ 2,600	\$ 3,500
Deposits payable	663,790	4,319	96,163	571,946
TOTAL LIABILITIES	\$ 666,390	\$ 7,819	\$ 98,763	\$ 575,446
ESCROW DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 507,720	\$ 202,697	\$ 3,276	\$ 707,141
Receivables	2,478	1,750	2,478	1,750
TOTAL ASSETS	\$ 510,198	\$ 204,447	\$ 5,754	\$ 708,891
LIABILITIES				
Accounts payable	\$ 3,276	\$ -	\$ 3,276	\$ -
Deposits payable	502,121	704,090	502,121	704,090
Other payables	4,801	-	-	4,801
TOTAL LIABILITIES	\$ 510,198	\$ 704,090	\$ 505,397	\$ 708,891
SPECIAL ASSESSMENTS COLLECTION FUND				
ASSETS				
Cash and investments	\$ 404,731	\$ 66,041	\$ 120,212	\$ 350,560
Accrued interest receivable	1,025	572	1,025	572
Receivables	271,004	205,415	271,004	205,415
TOTAL ASSETS	\$ 676,760	\$ 272,028	\$ 392,241	\$ 556,547
LIABILITIES				
Deposits payable	\$ 676,760	\$ 556,548	\$ 676,761	\$ 556,547
TOTAL LIABILITIES	\$ 676,760	\$ 556,548	\$ 676,761	\$ 556,547

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)

For the Year Ended April 30, 2011

	Balances May 1	Additions	Deletions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and investments	\$ 1,576,758	\$ 270,908	\$ 215,849	\$ 1,631,817
Accrued interest receivable	3,108	1,902	3,108	1,902
Receivables	273,482	207,165	273,482	207,165
TOTAL ASSETS	\$ 1,853,348	\$ 479,975	\$ 492,439	\$ 1,840,884
LIABILITIES				
Accounts payable	\$ 5,876	\$ 3,500	\$ 5,876	\$ 3,500
Deposits payable	1,842,671	1,264,957	1,275,045	1,832,583
Other payables	4,801	-	-	4,801
TOTAL LIABILITIES	\$ 1,853,348	\$ 1,268,457	\$ 1,280,921	\$ 1,840,884

(See independent auditor's report.)

SUPPLEMENTAL DATA

LONG-TERM DEBT PAYABLE BY GOVERNMENTAL FUNDS

To account for the noncurrent portion of the Village's General Obligation Bond Issues.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003A

April 30, 2011

Date of Issue	December 29, 2003
Date of Maturity	December 1, 2016
Authorized Issue	\$2,270,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Advance Refunding of 1997A Bonds (Fire Station Land Acquisition)
Interest Dates	June and December
Redemption	Noncallable

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2010	\$ 205,000	\$ 54,162	\$ 259,162	2011	\$ 27,081	2011	\$ 27,081
2011	215,000	46,731	261,731	2012	23,366	2012	23,365
2012	225,000	38,400	263,400	2013	19,200	2013	19,200
2013	235,000	29,400	264,400	2014	14,700	2014	14,700
2014	245,000	20,000	265,000	2015	10,000	2015	10,000
2015	255,000	10,200	265,200	2016	5,100	2016	5,100
	<u>\$ 1,380,000</u>	<u>\$ 198,893</u>	<u>\$ 1,578,893</u>		<u>\$ 99,447</u>		<u>\$ 99,446</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003B

April 30, 2011

Date of Issue	December 29, 2003
Date of Maturity	December 1, 2016
Authorized Issue	\$3,300,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Advance Refunding of 1997B Bonds (Senior Center)
Interest Dates	June and December
Redemption	Noncallable

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	Dec. 1	Amount
2010	\$ 305,000	\$ 73,850	\$ 378,850	2011	\$ 36,925	2011	\$ 36,925
2011	325,000	62,794	387,794	2012	31,397	2012	31,397
2012	320,000	50,200	370,200	2013	25,100	2013	25,100
2013	315,000	37,400	352,400	2014	18,700	2014	18,700
2014	310,000	24,800	334,800	2015	12,400	2015	12,400
2015	310,000	12,400	322,400	2016	6,200	2016	6,200
	<u>\$ 1,885,000</u>	<u>\$ 261,444</u>	<u>\$ 2,146,444</u>		<u>\$ 130,722</u>		<u>\$ 130,722</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2004

April 30, 2011

Date of Issue	June 1, 2004
Date of Maturity	December 1, 2026
Authorized Issue	\$20,000,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 5.00%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Acquisition, construction and equipping of a new public works building, a new fire station and a new village hall
Interest Dates	June and December
Redemption	Bonds due December 1, 2013-2026 are callable on or after December 1, 2012

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	Dec. 1	Amount
2010	\$ 100,000	\$ 930,225	\$ 1,030,225	2011	\$ 465,113	2011	\$ 465,112
2011	100,000	926,475	1,026,475	2012	463,238	2012	463,237
2012	100,000	922,475	1,022,475	2013	461,238	2013	461,237
2013	100,000	918,475	1,018,475	2014	459,238	2014	459,237
2014	100,000	914,375	1,014,375	2015	457,188	2015	457,187
2015	500,000	910,125	1,410,125	2016	455,063	2016	455,062
2016	1,000,000	888,250	1,888,250	2017	444,125	2017	444,125
2017	1,000,000	843,250	1,843,250	2018	421,625	2018	421,625
2018	1,000,000	797,000	1,797,000	2019	398,500	2019	398,500
2019	2,100,000	749,500	2,849,500	2020	374,750	2020	374,750
2020	2,215,000	644,500	2,859,500	2021	322,250	2021	322,250
2021	2,325,000	533,750	2,858,750	2022	266,875	2022	266,875
2022	2,450,000	417,500	2,867,500	2023	208,750	2023	208,750
2023	2,500,000	295,000	2,795,000	2024	147,500	2024	147,500
2024	1,900,000	170,000	2,070,000	2025	85,000	2025	85,000
2025	1,500,000	75,000	1,575,000	2026	37,500	2026	37,500
	<u>\$ 18,990,000</u>	<u>\$ 10,935,900</u>	<u>\$ 29,925,900</u>		<u>\$ 5,467,953</u>		<u>\$ 5,467,947</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2005

April 30, 2011

Date of Issue	June 15, 2005
Date of Maturity	December 1, 2015
Authorized Issue	\$2,235,000
Denomination of Bonds	\$5,000
Interest Rates	3.30% to 3.65%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Redevelopment in TIF V
Interest Dates	June and December
Redemption	Bonds due December 1, 2014-2015 are callable on or after December 1, 2013

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2010	\$ 235,000	\$ 59,592	\$ 294,592	2011	\$ 29,796	2011	\$ 29,796
2011	300,000	51,837	351,837	2012	25,919	2012	25,918
2012	350,000	41,788	391,788	2013	20,894	2013	20,894
2013	400,000	29,712	429,712	2014	14,856	2014	14,856
2014	425,000	15,512	440,512	2015	7,756	2015	7,756
	<u>\$ 1,710,000</u>	<u>\$ 198,441</u>	<u>\$ 1,908,441</u>		<u>\$ 99,221</u>		<u>\$ 99,220</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2006

April 30, 2011

Date of Issue	October 1, 2006
Date of Maturity	December 1, 2019
Authorized Issue	\$20,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Acquisition, construction and equipping of a new village hall.
Interest Dates	June and December
Redemption	Bonds due December 1, 2015-2019 are callable on or after December 1, 2014

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	Dec. 1	Amount
2010	\$ 1,000,000	\$ 672,000	\$ 1,672,000	2011	\$ 336,000	2011	\$ 336,000
2011	1,400,000	632,000	2,032,000	2012	316,000	2012	316,000
2012	1,500,000	576,000	2,076,000	2013	288,000	2013	288,000
2013	1,400,000	516,000	1,916,000	2014	258,000	2014	258,000
2014	3,400,000	460,000	3,860,000	2015	230,000	2015	230,000
2015	2,100,000	324,000	2,424,000	2016	162,000	2016	162,000
2016	2,000,000	240,000	2,240,000	2017	120,000	2017	120,000
2017	2,000,000	160,000	2,160,000	2018	80,000	2018	80,000
2018	2,000,000	80,000	2,080,000	2019	40,000	2019	40,000
	<u>\$ 16,800,000</u>	<u>\$ 3,660,000</u>	<u>\$ 20,460,000</u>		<u>\$ 1,830,000</u>		<u>\$ 1,830,000</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2006A

April 30, 2011

Date of Issue	October 30, 2006
Date of Maturity	December 1, 2018
Authorized Issue	\$16,515,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Current refunding of a portion of the Series 1997C General Obligation Refunding Bonds due serially on December 1, 2007 - 2012 that refunded the Village's \$21,850,000 General Obligation Bonds Series 1992A (Library Construction) and 1992B (Flood Control IV) and a portion of the Series 1998A (Fire Station) General Obligation Bonds due serially on December 1, 2007 - 2018.
Interest Dates	June and December
Redemption	Bonds due December 1, 2015-2018 are callable on or after December 1, 2014

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2010	\$ 2,640,000	\$ 243,600	\$ 2,883,600	2011	\$ 121,800	2011	\$ 121,800
2011	1,590,000	138,000	1,728,000	2012	69,000	2012	69,000
2012	275,000	74,400	349,400	2013	37,200	2013	37,200
2013	290,000	63,400	353,400	2014	31,700	2014	31,700
2014	305,000	51,800	356,800	2015	25,900	2015	25,900
2015	315,000	39,600	354,600	2016	19,800	2016	19,800
2016	330,000	27,000	357,000	2017	13,500	2017	13,500
2017	345,000	13,800	358,800	2018	6,900	2018	6,900
	<u>\$ 6,090,000</u>	<u>\$ 651,600</u>	<u>\$ 6,741,600</u>		<u>\$ 325,800</u>		<u>\$ 325,800</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

April 30, 2011

Date of Issue	September 8, 2009
Date of Maturity	December 1, 2014
Authorized Issue	\$8,380,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 2.50%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Advance refunding of a portion of the Series 2001 General Obligation Refunding Bonds due serially on December 1, 2010 - 2014 that refunded the Village's 1993 Flood Control V Bonds
Interest Dates	June and December
Redemption	Bonds due December 1, 2010-2014

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	Dec. 1	Amount
2010	\$ 1,175,000	\$ 175,900	\$ 1,350,900	2011	\$ 87,950	2011	\$ 87,950
2011	1,140,000	152,400	1,292,400	2012	76,200	2012	76,200
2012	2,610,000	129,600	2,739,600	2013	64,800	2013	64,800
2013	2,835,000	70,875	2,905,875	2014	35,437	2014	35,438
	<u>\$ 7,760,000</u>	<u>\$ 528,775</u>	<u>\$ 8,288,775</u>		<u>\$ 264,387</u>		<u>\$ 264,388</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009B

April 30, 2011

Date of Issue	August 1, 2009
Date of Maturity	December 1, 2014
Authorized Issue	\$2,050,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 2.50%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Road Improvements
Interest Dates	June and December
Redemption	Bonds due December 1, 2010-2014

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	Dec. 1	Amount
2010	\$ 380,000	\$ 38,325	\$ 418,325	2011	\$ 19,162	2011	\$ 19,163
2011	410,000	30,725	440,725	2012	15,362	2012	15,363
2012	440,000	22,525	462,525	2013	11,262	2013	11,263
2013	505,000	12,625	517,625	2014	6,312	2014	6,313
	<u>\$ 1,735,000</u>	<u>\$ 104,200</u>	<u>\$ 1,839,200</u>		<u>\$ 52,098</u>		<u>\$ 52,102</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010

April 30, 2011

Date of Issue	September 22, 2010
Date of Maturity	December 1, 2022
Authorized Issue	\$2,855,000
Denomination of Bonds	\$5,000
Interest Rates	1.50% to 3.25%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Road Improvements
Interest Dates	June and December
Redemption	Bonds due December 1, 2010-2022

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2010	\$ 200,000	\$ 69,863	\$ 269,863	2011	\$ 34,932	2011	\$ 34,931
2011	205,000	66,863	271,863	2012	33,432	2012	33,431
2012	215,000	63,788	278,788	2013	31,894	2013	31,894
2013	215,000	60,563	275,563	2014	30,282	2014	30,281
2014	225,000	56,800	281,800	2015	28,400	2015	28,400
2015	230,000	52,300	282,300	2016	26,150	2016	26,150
2016	235,000	46,550	281,550	2017	23,275	2017	23,275
2017	245,000	40,675	285,675	2018	20,338	2018	20,337
2018	255,000	33,325	288,325	2019	16,663	2019	16,662
2019	260,000	25,675	285,675	2020	12,838	2020	12,837
2020	270,000	17,875	287,875	2021	8,938	2021	8,937
2021	280,000	9,100	289,100	2022	4,550	2022	4,550
	<u>\$ 2,835,000</u>	<u>\$ 543,377</u>	<u>\$ 3,378,377</u>		<u>\$ 271,692</u>		<u>\$ 271,685</u>

(See independent auditor's report.)

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Arlington Heights, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	156-163
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	164-169
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	170-174
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	175-176
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	177-179

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NET ASSETS BY COMPONENT

Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES								
Invested in capital assets								
net of related debt	\$ 84,016,645	\$ 76,741,226	\$ 86,401,354	\$ 95,942,903	\$ 105,832,314	\$ 110,917,033	\$ 111,371,613	\$ 113,491,072
Restricted	7,150,561	23,778,506	19,680,403	23,406,560	11,249,654	8,198,492	9,270,651	9,452,095
Unrestricted	42,923,085	38,276,772	42,162,160	39,057,180	47,209,312	44,189,397	40,570,428	44,485,939
TOTAL GOVERNMENTAL ACTIVITIES	\$ 134,090,291	\$ 138,796,504	\$ 148,243,917	\$ 158,406,643	\$ 164,291,280	\$ 163,304,922	\$ 161,212,692	\$ 167,429,106
BUSINESS-TYPE ACTIVITIES								
Invested in capital assets								
net of related debt	\$ 26,593,317	\$ 34,083,827	\$ 35,676,832	\$ 34,316,474	\$ 37,451,534	\$ 36,981,008	\$ 35,842,122	\$ 34,272,550
Restricted	-	-	-	-	-	-	-	-
Unrestricted	35,473,518	31,089,023	30,282,536	29,862,422	26,168,160	24,524,508	23,450,192	22,632,902
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 62,066,835	\$ 65,172,850	\$ 65,959,368	\$ 64,178,896	\$ 63,619,694	\$ 61,505,516	\$ 59,292,314	\$ 56,905,452
PRIMARY GOVERNMENT								
Invested in capital assets								
net of related debt	\$ 110,609,962	\$ 110,825,053	\$ 122,078,186	\$ 130,259,377	\$ 143,283,848	\$ 147,898,041	\$ 147,213,735	\$ 147,763,622
Restricted	7,150,561	23,778,506	19,680,403	23,406,560	11,249,654	8,198,492	9,270,651	9,452,095
Unrestricted	78,396,603	69,365,795	72,444,696	68,919,602	73,377,472	68,713,905	64,020,620	67,118,841
TOTAL PRIMARY GOVERNMENT	\$ 196,157,126	\$ 203,969,354	\$ 214,203,285	\$ 222,585,539	\$ 227,910,974	\$ 224,810,438	\$ 220,505,006	\$ 224,334,558

Data Source

Audited Financial Statements

The implementation of GASB Statement No. 34 was completed for fiscal year ended April 30, 2004. Therefore, information prior to fiscal year 2004 is unavailable.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGE IN NET ASSETS

Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental activities								
General government	\$ 6,705,263	\$ 5,888,486	\$ 6,963,796	\$ 7,280,703	\$ 4,420,078	\$ 7,979,137	\$ 7,563,734	\$ 5,193,600
Public safety	30,383,989	28,908,330	31,411,069	34,040,770	35,805,185	38,545,819	39,868,746	40,266,562
Highways and streets	10,543,791	15,935,611	11,615,217	16,040,788	21,009,834	20,744,929	17,504,839	17,159,903
Community development	7,009,483	5,960,458	11,872,460	8,600,956	10,563,305	6,722,697	7,016,350	6,334,050
Health and welfare	1,912,129	1,874,012	1,966,963	2,147,585	2,273,352	2,504,784	2,413,690	1,888,832
Interest	2,845,524	3,252,018	3,089,512	3,429,230	3,496,323	3,273,165	3,037,995	2,583,611
Total governmental activities expenses	59,400,179	61,818,915	66,919,017	71,540,032	77,568,077	79,770,531	77,405,354	73,426,558
Business-type activities								
Water and sewer	13,200,070	12,019,665	13,084,040	15,182,980	14,221,254	14,582,291	14,305,939	15,251,729
Solid waste disposal	1,409,277	1,790,234	1,553,821	1,558,639	1,563,157	1,541,944	1,422,141	1,492,582
Arts, entertainment & events	-	-	345,743	393,922	435,170	383,033	440,953	475,793
Total business-type activities expenses	14,609,347	13,809,899	14,983,604	17,135,541	16,219,581	16,507,268	16,169,033	17,220,104
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 74,009,526	\$ 75,628,814	\$ 81,902,621	\$ 88,675,573	\$ 93,787,658	\$ 96,277,799	\$ 93,574,387	\$ 90,646,662

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES								
Governmental activities								
Charges for services								
General government	\$ 3,411,649	\$ 3,744,933	\$ 3,874,849	\$ 4,495,042	\$ 4,228,850	\$ 4,300,002	\$ 4,434,038	\$ 4,325,464
Public safety	1,562,810	1,857,420	2,667,502	2,840,514	2,879,405	3,109,565	2,864,781	2,975,966
Highways and streets	2,588,313	2,815,013	2,888,303	2,735,554	2,894,044	2,899,142	2,892,202	2,935,937
Community development	1,385,628	1,170,831	1,083,918	1,504,432	4,828,838	838,830	976,909	816,738
Health and welfare	58,088	55,683	42,540	51,490	38,325	68,435	56,974	51,551
Operating grants and contributions	2,998,480	2,979,951	3,052,120	2,843,666	3,046,426	2,808,197	2,809,350	2,826,571
Capital grants and contributions	260,396	110,710	360,389	54,000	330,317	790,450	108,675	866,648
Total governmental activities program revenues	12,265,364	12,734,541	13,969,621	14,524,698	18,246,205	14,814,621	14,142,929	14,798,875
Business-type activities								
Charges for services								
Water and sewer	12,109,146	11,976,990	13,035,163	12,047,636	12,258,690	11,789,339	11,908,829	12,730,188
Solid waste disposal	1,473,988	1,576,134	1,523,987	1,639,761	1,689,567	1,629,122	1,627,737	1,406,829
Art, entertainment & events	-	-	22,000	22,414	26,356	32,351	30,375	33,550
Total business-type activities program revenues	13,583,134	13,553,124	14,581,150	13,709,811	13,974,613	13,450,812	13,566,941	14,170,567
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 25,848,498	\$ 26,287,665	\$ 28,550,771	\$ 28,234,509	\$ 32,220,818	\$ 28,265,433	\$ 27,709,870	\$ 28,969,442
NET REVENUE (EXPENSE)								
Governmental activities	\$ (47,134,815)	\$ (49,084,374)	\$ (52,949,396)	\$ (57,015,334)	\$ (59,321,872)	\$ (64,955,910)	\$ (63,262,425)	\$ (58,627,683)
Business-type activities	(1,026,213)	(256,775)	(402,454)	(3,425,730)	(2,244,968)	(3,056,456)	(2,602,092)	(3,049,537)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (48,161,028)	\$ (49,341,149)	\$ (53,351,850)	\$ (60,441,064)	\$ (61,566,840)	\$ (68,012,366)	\$ (65,864,517)	\$ (61,677,220)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES AND OTHER								
CHANGES IN NET ASSETS								
Governmental activities								
Taxes								
Property	\$ 23,195,624	\$ 23,805,877	\$ 26,131,769	\$ 30,146,710	\$ 28,321,080	\$ 29,517,038	\$ 29,321,029	\$ 28,710,137
Income	4,595,006	5,161,838	5,879,378	6,485,022	7,084,398	7,010,647	6,111,105	5,998,989
Sales	11,474,159	11,367,933	11,581,997	11,324,683	10,999,700	10,446,148	9,570,850	10,369,871
Home rule sales	3,845,749	5,397,509	6,000,585	6,010,903	5,736,288	5,244,404	5,139,660	6,574,175
Replacement	283,300	316,130	407,912	443,690	516,811	464,953	411,138	455,733
Use	744,168	818,163	923,941	1,000,246	1,079,824	1,085,127	915,224	1,103,427
Telecommunications	5,077,539	4,987,004	4,979,356	4,402,338	4,711,422	4,419,759	4,158,597	3,772,498
Utility	-	-	-	-	-	-	917,319	4,051,320
Hotel	1,167,538	1,191,907	1,301,228	1,530,315	1,705,506	1,360,158	893,169	814,905
Food and beverage	1,663,710	1,662,959	1,685,141	1,777,822	1,835,620	1,784,132	1,681,355	1,674,096
Foreign fire insurance	94,973	90,695	88,963	79,812	90,579	90,271	104,658	117,835
Other	60,202	53,259	49,996	36,498	45,162	43,066	46,465	52,554
Investment earnings	568,854	842,947	1,924,845	3,114,861	2,121,255	1,090,223	581,468	351,656
Miscellaneous	789,945	817,686	1,176,534	825,171	958,864	1,403,621	1,018,158	746,901
Contributions	-	-	-	-	-	10,005	-	-
Transfers	331,150	(2,723,320)	265,164	-	-	-	300,000	50,000
Total governmental activities	53,891,917	53,790,587	62,396,809	67,178,071	65,206,509	63,969,552	61,170,195	64,844,097

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES AND OTHER								
CHANGES IN NET ASSETS (Continued)								
Business-type activities								
Income (loss) from joint venture	\$ 111,020	\$ (52,366)	\$ -	\$ 249,668	\$ 366,174	\$ -	\$ -	\$ -
Investment earnings	254,517	308,864	509,433	726,097	494,152	235,433	116,958	58,387
Food and beverage	-	226,280	422,796	432,456	459,171	478,671	419,219	420,102
Miscellaneous	139,441	156,692	521,907	237,036	366,269	228,174	152,713	234,186
Contributions	691,267	-	-	-	-	-	-	-
Transfers	(331,150)	2,723,320	(265,164)	-	-	-	(300,000)	(50,000)
Total business-type activities	865,095	3,362,790	1,188,972	1,645,257	1,685,766	942,278	388,890	662,675
TOTAL PRIMARY GOVERNMENT	\$ 54,757,012	\$ 57,153,377	\$ 63,585,781	\$ 68,823,328	\$ 66,892,275	\$ 64,911,830	\$ 61,559,085	\$ 65,506,772
CHANGE IN NET ASSETS								
Governmental activities	\$ 6,757,102	\$ 4,706,213	\$ 9,447,413	\$ 10,162,737	\$ 5,884,637	\$ (986,358)	\$ (2,092,230)	\$ 6,216,414
Business-type activities	(161,118)	3,106,015	786,518	(1,780,473)	(559,202)	(2,114,178)	(2,213,202)	(2,386,862)
TOTAL PRIMARY GOVERNMENT	\$ 6,595,984	\$ 7,812,228	\$ 10,233,931	\$ 8,382,264	\$ 5,325,435	\$ (3,100,536)	\$ (4,305,432)	\$ 3,829,552

Data Source

Audited Financial Statements

The implementation of GASB Statement No. 34 was completed for fiscal year ended April 30, 2004. Therefore, information prior to fiscal year 2004 is unavailable.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND										
Reserved	\$ 348,646	\$ 246,925	\$ 282,297	\$ 369,750	\$ 224,326	\$ 1,600,742	\$ 397,168	\$ 251,626	\$ 204,484	\$ 204,005
Unreserved	18,803,403	16,556,708	17,044,168	18,036,737	20,189,585	18,974,274	21,720,502	19,086,835	17,415,479	20,207,484
TOTAL GENERAL FUND	\$ 19,152,049	\$ 16,803,633	\$ 17,326,465	\$ 18,406,487	\$ 20,413,911	\$ 20,575,016	\$ 22,117,670	\$ 19,338,461	\$ 17,619,963	\$ 20,411,489
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 10,159,103	\$ 10,250,060	\$ 7,708,613	\$ 24,394,865	\$ 23,882,679	\$ 21,510,777	\$ 12,566,414	\$ 9,166,943	\$ 9,274,651	\$ 9,459,952
Unreserved, reported in										
Special Revenue Funds	(376,834)	2,795,334	3,023,882	1,585,964	1,674,682	926,270	2,627,077	6,441,755	6,404,202	6,299,665
Capital Project Funds	14,251,843	12,983,846	8,402,210	4,270,623	5,061,858	7,573,195	7,362,727	5,716,699	6,162,092	6,399,997
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 24,034,112	\$ 26,029,240	\$ 19,134,705	\$ 30,251,452	\$ 30,619,219	\$ 30,010,242	\$ 22,556,218	\$ 21,325,397	\$ 21,840,945	\$ 22,159,614

Data Source

Audited Financial Statements

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Taxes	\$ 46,071,935	\$ 49,979,666	\$ 54,054,373	\$ 54,524,789	\$ 58,631,360	\$ 63,043,931	\$ 62,026,321	\$ 61,375,433	\$ 59,165,913	\$ 63,577,704
Licenses and permits	2,968,666	3,301,460	3,124,609	3,891,261	3,915,711	4,414,540	4,206,336	3,737,099	3,644,510	3,373,772
Intergovernmental	4,510,625	1,412,772	679,917	2,827,419	2,975,600	2,832,061	3,164,765	2,254,702	2,237,939	2,282,831
Grants	860,000	300,000	774,403	602,075	562,112	266,749	312,047	1,434,215	784,744	1,528,222
Charges for services	1,211,289	1,523,539	1,550,033	1,599,127	1,652,077	1,729,101	5,248,647	1,795,352	1,960,514	2,021,291
Fines and fees	3,663,903	3,871,077	3,364,561	3,805,006	4,775,288	5,207,873	5,191,984	5,490,768	5,410,109	5,530,326
Contributions	-	-	-	-	-	-	-	10,005	-	-
Investment income	2,180,920	1,051,272	567,703	842,947	1,924,844	3,114,861	2,121,251	1,090,221	581,474	351,658
Rents and reimbursables	265,749	397,585	208,456	438,583	463,729	468,418	440,515	462,268	448,573	406,325
Miscellaneous	1,908,754	1,254,252	1,518,485	717,241	1,200,545	625,235	740,848	1,134,110	779,348	520,843
Total revenues	63,641,841	63,091,623	65,842,540	69,248,448	76,101,266	81,702,769	83,452,714	78,784,173	75,013,124	79,592,972
EXPENDITURES										
General government	4,495,844	5,018,723	5,025,877	5,681,324	5,548,724	5,686,903	6,116,676	6,536,042	7,875,528	5,771,441
Public safety	23,917,280	25,449,152	26,808,383	28,054,035	30,362,748	33,002,637	35,059,075	36,927,740	37,509,901	38,956,847
Highways and streets	11,962,934	8,599,960	8,302,897	10,579,463	10,981,937	11,766,455	12,079,230	12,462,281	9,515,911	9,457,575
Community development	4,326,951	4,930,584	4,967,420	4,786,450	5,150,798	5,487,557	7,709,444	5,900,626	5,593,968	5,214,087
Health and welfare	1,612,935	1,745,966	1,880,893	1,839,672	1,966,963	2,147,585	2,273,352	2,412,863	2,344,242	1,880,681
Capital outlay	7,307,290	12,571,092	9,108,811	13,700,342	11,294,960	32,891,951	19,132,180	9,120,302	8,241,071	7,106,267
Debt service										
Principal retirement	5,939,673	6,217,500	6,517,500	6,545,000	6,820,000	5,845,000	5,504,653	6,119,781	5,833,691	5,570,000
Interest and fiscal charges	4,277,656	3,090,047	2,844,619	2,354,019	3,543,365	2,520,132	3,592,874	3,189,568	3,035,994	2,580,096
Other charges	-	-	56,418	112,958	56,762	294,144	10,953	-	-	36,426
Total expenditures	63,840,563	67,623,024	65,512,818	73,653,263	75,726,257	99,642,364	91,478,437	82,669,203	79,950,306	76,573,420
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(198,722)	(4,531,401)	329,722	(4,404,815)	375,009	(17,939,595)	(8,025,723)	(3,885,030)	(4,937,182)	3,019,552

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OTHER FINANCING SOURCES (USES)										
Bonds issued	\$ 13,704,025	\$ 4,480,549	\$ 8,365,000	\$ 20,000,000	\$ 2,235,000	\$ 36,515,000	\$ 2,100,000	\$ -	\$ 10,430,000	\$ 2,855,000
Bond premium (discount)	1,510,052	-	143,519	(71,746)	5,618	187,842	-	-	130,520	34,909
Payment to refund bond escrow	(12,744,455)	-	(8,445,024)	-	-	(16,951,117)	-	-	(8,426,288)	(2,849,266)
Transfers in	5,580,054	6,668,766	9,463,247	6,365,668	5,824,288	6,817,268	765,380	1,782,620	4,620,097	1,693,003
Transfers (out)	(6,424,548)	(6,971,202)	(9,794,397)	(9,692,338)	(6,064,724)	(9,077,268)	(765,380)	(1,907,620)	(3,020,097)	(1,643,003)
Proceeds from sale of capital assets	-	-	-	-	-	-	14,353	-	-	-
Total other financing sources (uses)	1,625,128	4,178,113	(267,655)	16,601,584	2,000,182	17,491,725	2,114,353	(125,000)	3,734,232	90,643
NET CHANGE IN FUND BALANCES	\$ 1,426,406	\$ (353,288)	\$ 62,067	\$ 12,196,769	\$ 2,375,191	\$ (447,870)	\$ (5,911,370)	\$ (4,010,030)	\$ (1,202,950)	\$ 3,110,195
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	23.54%	16.91%	15.00%	13.95%	14.91%	11.91%	10.18%	11.96%	11.33%	10.75%

Data Source

Audited Financial Statements

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND
TAX LEVIES AND CONTRIBUTIONS

Last Ten Levy Years

Levy Year	Annual Actuarial Requirement from Actuary	Actual Amount Levied	Percentage of Annual Required Contribution from Actuary	Recognized for Annual Required Contribution from Actuary	Actual Revenue Recognized in Fiscal Year
2001	\$ 1,518,129	\$ 1,403,000	92%	\$ 1,665,488	2003
2002	1,680,833	1,681,000	100%	1,668,236	2004
2003	1,811,697	1,811,700	100%	1,811,700	2005
2004	2,064,339	2,064,300	100%	2,064,300	2006
2005	2,182,071	2,256,000	103%	2,256,000	2007
2006	2,239,939	2,285,000	102%	2,285,000	2008
2007	2,244,687	2,307,800	103%	2,307,800	2009
2008	2,325,266	2,442,000	105%	2,442,000	2010
2009	2,875,430	3,378,000	117%	3,379,573	2011
2010	3,679,006	4,038,000	110%	4,038,000*	2012

* Actual Revenue recognized will be at least what is budgeted.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND
TAX LEVIES AND CONTRIBUTIONS

Last Ten Levy Years

Levy Year	Annual Actuarial Requirement from Actuary	Actual Amount Levied	Percentage of Annual Required Contribution from Actuary	Recognized for Annual Required Contribution from Actuary	Actual Revenue Recognized in Fiscal Year
2001	\$ 1,415,864	\$ 1,349,000	95%	\$ 1,627,981	2003
2002	1,642,811	1,643,000	100%	1,629,776	2004
2003	1,881,179	1,881,200	100%	1,881,200	2005
2004	2,134,795	2,134,800	100%	2,134,800	2006
2005	2,554,228	2,663,000	104%	2,679,241	2007
2006	2,730,049	2,856,000	105%	2,856,000	2008
2007	2,977,176	3,091,000	104%	3,109,350	2009
2008	3,098,000	3,244,000	105%	3,244,000	2010
2009	3,554,720	3,948,000	111%	3,948,000	2011
2010	4,195,008	4,459,000	106%	4,459,000*	2012

* Actual Revenue Recognized will be at least what is budgeted.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Railroad Property	Total Equalized Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate
2001	\$ 1,269,483,935	\$ 648,004,607	\$ 230,566,264	\$ 297,309	\$ 2,148,352,115	\$ 6,445,700,915	\$ 1.1490
2002	1,383,605,574	670,757,375	241,247,305	347,072	2,295,957,326	6,888,560,834	1.1290
2003	1,374,493,159	648,789,772	240,692,792	372,219	2,264,347,942	6,793,723,198	1.1760
2004	1,610,714,750	719,968,688	263,159,973	415,112	2,594,258,523	7,783,553,924	1.1310
2005	1,762,207,094	741,323,044	274,464,955	391,482	2,778,386,575	8,335,993,324	1.1870
2006	1,803,976,148	8,002,869,636	274,238,259	389,265	2,881,473,308	8,645,284,452	1.2770
2007	2,159,681,431	908,782,142	317,501,919	424,008	3,386,389,500	10,160,184,518	1.1340
2008	2,363,924,787	927,728,746	332,953,746	460,399	3,625,067,678	10,876,290,663	1.0720
2009	2,562,767,692	855,590,509	280,348,725	549,104	3,699,256,030	11,098,877,978	1.1080
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Property is assessed at 33.33% of actual value.

N/A - Information not yet available.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax rates per \$100 of EAV										
Village direct rates										
Village of Arlington Heights	0.728	0.717	0.750	0.740	0.800	0.866	0.763	0.722	0.755	N/A
Arlington Heights Memorial Library	0.421	0.412	0.426	0.391	0.387	0.411	0.371	0.350	0.353	N/A
Total Village direct rate	1.149	1.129	1.176	1.131	1.187	1.277	1.134	1.072	1.108	N/A
Overlapping rates										
County (including Forest Preserve)	0.813	0.751	0.718	0.653	0.607	0.557	0.499	0.466	0.443	N/A
Metro Reclamation District	0.401	0.371	0.361	0.347	0.315	0.284	0.263	0.252	0.261	N/A
School District #25	3.730	3.527	3.653	3.156	3.225	3.295	2.890	2.807	2.510	N/A
School District #214	1.989	1.888	1.982	1.818	1.759	1.823	1.621	1.587	1.636	N/A
School District #512	0.308	0.295	0.310	0.279	0.281	0.288	0.260	0.256	0.258	N/A
Park District's	0.484	0.458	0.516	0.466	0.453	0.461	0.404	0.379	0.392	N/A
Wheeling Township	0.049	0.040	0.047	0.042	0.041	0.043	0.038	0.038	0.039	N/A
Other	0.061	0.035	0.037	0.031	0.035	0.037	0.041	0.029	0.050	N/A
Total Tax Rate Per \$100 of EAV	8.984	8.494	8.800	7.923	7.903	8.065	7.150	6.886	6.697	N/A

N/A - Information not yet available

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2011			2002		
	Equalized Assessed Value*	Rank	Percentage of Total Village Equalized Assessed Valuation*	Equalized Assessed Value	Rank	Percentage of Total Village Equalized Assessed Valuation
Luther Village	\$ 54,374,690	1	1.470%	\$ 33,266,518	3	1.449%
Motorola, Inc.	41,746,345	2	1.129%	37,645,982	2	1.640%
Arlington Park Racetrack	37,042,289	3	1.001%	40,682,314	1	1.772%
Northpoint Mall	31,620,821	4	0.855%	-	-	-
Town & Country Mall	24,783,348	5	0.670%	15,087,707	9	0.657%
Tanglewood Apartments	22,216,060	6	0.601%	26,029,544	5	1.134%
Hamilton Partners, Inc.	17,708,992	7	0.479%	26,187,951	4	1.141%
Avalon Bay Communities	15,888,874	8	0.430%	17,516,811	6	0.763%
Robert F Rohrman	15,620,821	9	0.422%	-	-	-
Stonebridge Apartments	14,396,086	10	0.389%	14,984,947	10	0.653%
Blackstone Real Estate Advisors	-	-	-	15,583,146	8	0.679%
Marriott	-	-	-	16,764,698	7	0.730%
	<u>\$ 275,398,326</u>		<u>7.446%</u>	<u>\$ 243,749,618</u>		<u>10.618%</u>

Note

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

* Based on 2009 Equalized Assessed Valuations (\$3,698,706,926).

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2001	\$ 24,685,028	\$ 24,252,751	98.25%	\$ 24,252,751	98.25%
2002	25,907,375	25,891,822	99.94%	25,891,822	99.94%
2003	26,602,030	26,538,185	99.76%	26,538,185	99.76%
2004	29,310,353	29,049,491	99.11%	29,049,491	99.11%
2005	32,956,020	32,441,906	98.44%	32,441,906	98.44%
2006	36,785,532	36,583,211	99.45%	36,583,211	99.45%
2007	38,401,657	37,660,505	98.07%	37,660,505	98.07%
2008	38,860,726	38,538,182	99.17%	38,538,182	99.17%
2009	42,700,560	41,915,785	98.16%	41,915,785	98.16%
2010 (1)	21,291,521	20,914,661	98.23%	20,914,661	98.23%

(1) Levy year 2010 represents only the first of two installments.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita*
	Activities	Gross General	Gross General			
	Gross General	Obligation	Capital			
	Obligation	Obligation	Leases			
	Bonds	Bonds				
2002	\$ 63,660,000	\$ 1,575,000	\$ 228,583	\$ 65,463,583	2.57%	\$ 861.01
2003	61,255,000	1,350,000	-	62,605,000	2.45%	823.41
2004	55,080,000	1,140,000	-	56,220,000	2.20%	739.44
2005	68,535,000	875,000	-	69,410,000	2.69%	902.10
2006	63,950,000	595,000	-	64,545,000	2.50%	838.87
2007	77,995,000	300,000	-	78,295,000	3.03%	1,017.57
2008	73,330,000	-	-	73,330,000	2.84%	953.04
2009	68,130,000	-	-	68,130,000	2.64%	885.46
2010	64,690,000	-	-	64,690,000	2.51%	861.37
2011	59,185,000	-	-	59,185,000	2.29%	788.07

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

* See the schedule of Demographic and Economic Information on page 175 for personal income and population data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Less: Debt Payable from Enterprise Revenue	Total	(1)	(2)
					Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2002	\$ 65,235,000	\$ 7,673,415	\$ 1,575,000	\$ 55,986,585	0.87%	\$ 736.37
2003	62,605,000	7,592,408	1,350,000	53,662,592	0.78%	705.80
2004	56,220,000	5,039,314	1,140,000	50,040,686	0.74%	658.16
2005	69,410,000	5,061,779	875,000	63,473,221	0.82%	824.94
2006	64,545,000	3,678,600	595,000	60,271,400	0.72%	783.33
2007	78,295,000	1,916,428	300,000	76,078,572	0.88%	988.77
2008	73,330,000	1,962,895	-	71,367,105	0.70%	927.53
2009	68,130,000	1,946,327	-	66,183,673	0.61%	860.16
2010	64,690,000	1,789,843	-	62,900,157	0.57%	837.54
2011	59,185,000	1,744,304	-	57,440,696	N/A	764.85

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

(1) See the schedule of Assessed Value and Actual Value of Taxable Property on page 166 for property value data. These ratios are calculated using levy year data.

(2) See the schedule of Demographic and Economic Information on page 175 for population data. These ratios are calculated using calendar year data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2011

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Arlington Heights*	Village of Arlington Heights Share of Debt
Village of Arlington Heights - General Obligation	\$ 59,185,000	100.000%	\$ 59,185,000
Village of Arlington Heights - Water and Sewer	-	100.000%	-
Total direct debt	59,185,000		59,185,000
Community College District 512	192,420,000	14.916%	28,701,367
Arlington Heights School District 25	15,190,000	95.328%	14,480,323
Cook County School District 15	32,045,423	3.571%	1,144,342
Cook County School District 21	36,606,272	22.722%	8,317,677
Cook County School District 59	17,965,000	13.746%	2,469,469
Prospect Heights School District 23	3,345,000	34.892%	1,167,137
Palatine Township High School District 211	25,000,000	0.573%	143,250
Arlington Heights School District 214	42,399,947	32.080%	13,601,903
Cook County School District 57	14,470,000	4.552%	658,674
Cook County	3,499,615,000	2.080%	72,791,992
Forest Preserve of Cook County	101,935,000	2.080%	2,120,248
Metropolitan Water Reclamation District of Greater Chicago	1,945,659,620	2.123%	41,306,354
Arlington Heights Park District	26,606,199	97.287%	25,884,373
Buffalo Grove Park District	17,275,000	14.619%	2,525,432
Prospect Heights Park District	10,045,081	4.900%	492,209
Mount Prospect Park District	18,085,000	3.080%	557,018
Palatine Park District	12,510,000	1.194%	149,369
Salt Creek Park District	5,318,850	32.836%	1,746,498
Total overlapping debt	6,016,491,392		218,257,635
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 6,075,676,392		\$ 277,442,635

* Determined by ratio of assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in the Village. Percentages are based on 2009 Equalized Assessed Valuations.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2011

The Village is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property . . . (2) if its population is more than 25,000 and less than 500,000 an aggregate of one per cent: . . . Indebtedness which is outstanding on effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum . . . Shall not be included in the forgiving percentage amounts."

To date the General Assembly has set no limits for home rule municipalities.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water Bonds						Special Assessment Bonds and/or Vouchers				
	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Current Special Assessment Billed	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
2002	\$ 12,596,884	\$ 9,097,835	\$ 3,499,049	\$ 240,000	\$ 61,807	11.59	\$ 199,738	\$ 734,859	\$ 10,006	0.27	
2003	12,976,365	9,526,615	3,449,750	255,000	51,248	11.26	156,841	410,236	5,027	0.38	
2004	12,248,587	11,321,878	926,709	270,000	25,699	3.13	72,478	189,314	-	0.38	
2005	12,133,682	10,093,125	2,040,557	290,000	57,250	5.88	51,942	119,996	3,346	0.42	
2006	13,557,070	11,299,702	2,257,368	280,000	55,003	6.74	38,109	83,182	-	0.46	
2007	12,955,422	13,555,956	(600,534)	295,000	42,357	(1.78)	32,456	47,474	-	0.68	
2008*	13,055,726	12,578,288	477,438	300,000	10,371	1.54	156,014	3,099,585	2,353	0.05	
2009	12,085,784	12,852,717	(766,933)	-	-	0.00	86,516	175,605	20,865	0.44	
2010	12,110,994	12,734,290	(623,296)	-	-	0.00	42,493	132,546	11,941	0.29	
2011	12,888,535	13,750,981	(862,446)	-	-	0.00	35,447	-	-	0.00	

Note: Details of the Village's outstanding debt can be found in the notes to financial statements. Water Charges and Other includes investment earnings but not tap on fees. Operating expenses do not include interest or depreciation.

* The Public Benefit portion of Special Assessment #206 was paid in full.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Calendar Years

Year	(1) Population	(1) Personal Income	Per Capita Personal Income	(2) Unemployment Rate
2002	76,031	\$ 2,550,383,864	\$ 33,544	4.70%
2003	76,031	2,550,383,864	33,544	4.90%
2004	76,031	2,550,383,864	33,544	4.60%
2005	76,943	2,580,975,992	33,544	4.50%
2006	76,943	2,580,975,992	33,544	3.20%
2007	76,943	2,580,975,992	33,544	3.50%
2008	76,943	2,580,975,992	33,544	4.30%
2009	76,943	2,580,975,992	33,544	7.60%
2010*	75,101	2,580,975,992 *	33,544	7.40%
2011*	75,101	2,580,975,992 *	33,544	7.80% **

* The 2010 census income information was not available as of the date of this report.

** Unemployment rate (not seasonally adjusted) through June 2011.

Data Sources

(1) U.S. Bureau of the Census

(2) Illinois Department of Employment Security

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2011			2002		
	Rank	Number of Employees	Percentage of Total Village Employment	Rank	Number of Employees	Percentage of Total Village Employment
Arlington Park Racecourse (Seasonal)	1	4,500	12.36%	2	3,100	7.78%
Northwest Community Healthcare	2	4,000	10.99%	3	3,000	7.53%
Arlington Heights High School District # 214	3	1,703	4.68%	4	1,520	3.81%
Paddock Publications	4	850	2.34%	6	550	1.38%
Luthern Home	5	598	1.64%	9	450	1.13%
Alexian Brothers Health System	6	512	1.41%	-	-	-
Level 3 Communications, Inc.	7	500	1.37%	-	-	-
Kroeschell, Inc.	8	450	1.24%	-	-	-
Village of Arlington Heights	9	435	1.20%	8	466	1.17%
Webber Marking System, Inc./Pace	10	300	0.82%	-	-	-
Pace	10	300	0.82%	-	-	-
Motorola Inc. - Cellular Phone Division	-	-	-	1	5,500	13.80%
Ameritech/IBM	-	-	-	5	900	2.26%
Market Facts	-	-	-	7	500	1.25%
Honeywell, Inc.	-	-	-	10	400	1.00%
Arlington Park Hilton	-	-	-	10	400	1.00%
		<u>14,148</u>	<u>38.87%</u>		<u>16,786</u>	<u>42.11%</u>

Data Source

Illinois Manufacturers Directory, Illinois Services Directory and a selective telephone survey.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL GOVERNMENT										
Manager's Office	6.00	6.00	5.00	5.50	5.50	5.50	5.50	6.50	6.50	6.00
Human Resources	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00
Legal	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.25	3.25	2.75
Finance	20.50	20.50	20.50	20.50	20.50	19.00	19.00	19.00	17.50	16.50
Village Clerk	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
IT	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
GIS	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Buildings and Grounds	8.00	8.00	7.00	7.00	7.00	7.00	7.00	8.00	7.00	7.00
PUBLIC SAFETY										
Police										
Officers	113.00	113.00	113.00	113.00	113.00	113.00	113.00	114.00	114.00	109.00
Civilian	36.00	36.00	37.00	37.00	37.00	37.00	37.00	36.00	34.00	31.00
Fire										
Firefighters and Officers	102.00	102.00	102.00	102.00	103.00	102.00	111.00	111.00	111.00	108.00
Civilian	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	2.50	2.50
COMMUNITY DEVELOPMENT										
Planning and Community Development	12.00	12.00	12.00	11.50	11.50	11.50	11.75	11.75	11.25	9.00
Building	19.00	19.00	19.00	19.00	18.00	18.00	18.50	19.50	18.50	17.50
Engineering	15.00	15.00	14.00	13.00	13.00	13.00	13.00	13.00	12.00	10.00
HEALTH AND WELFARE										
Health Services	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00
Youth Services	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	-
Senior Services	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.75	3.75	3.75
HIGHWAYS AND STREETS										
Public Works	48.00	48.00	43.00	42.50	42.00	42.00	42.00	42.25	42.25	37.25
OTHER PUBLIC WORKS										
Water Utility Operations	40.00	40.00	41.00	41.00	41.00	41.00	41.00	41.25	41.25	41.25
Fleet Services	12.00	12.00	11.00	11.00	11.50	10.50	10.50	10.50	10.50	10.50
TOTAL	473.00	473.00	465.00	463.50	464.00	458.50	468.25	471.75	462.75	434.50

Data Source

Village of Arlington Heights Finance Department

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
PUBLIC SAFETY										
Police										
Service calls	31,861	30,990	30,490	30,128	29,997	29,882	29,613	28,074	26,221	12,881
Total crime reported	5,457	5,466	5,884	5,347	5,076	4,580	5,193	4,550	3,694	1,905
Arrests	1,414	1,400	1,790	1,993	2,139	1,486	1,475	1,381	1,309	633
Citations issued	31,505	36,331	26,894	35,459	35,739	32,339	33,018	29,443	24,593	12,181
Fire										
Service calls (EMS)	5,730	5,743	6,002	5,908	6,078	6,233	6,588	6,318	6,387	3,358
Service calls (non-EMS)	2,893	2,980	2,740	3,131	2,930	3,415	3,396	3,198	3,201	1,647
PUBLIC WORKS										
Snow removal (miles)	31,254	31,233	40,507	37,089	27,089	75,529	97,185	61,049	53,418	48,920
Streets resurfaced (miles)	12.60	8.06	9.95	8.30	7.11	6.32	8.09	8.00	8.52	4.30
WATER										
Water main breaks	143	235	151	309	162	173	174	145	284	122
Sewer repairs	38	35	41	36	18	22	23	24	16	15
Average daily consumption	8.91 MGD	8.84 MGD	8.70 MGD							

Data Source

Various Village departments

* Through June 2011

MGD - Million Gallons Daily

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PUBLIC SAFETY										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Marked police vehicles	44	41	41	41	38	38	48	48	49	45
Unmarked police vehicles	10	9	9	12	14	16	10	14	14	13
Police motorcycles	4	4	4	4	4	4	4	4	4	4
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire pumpers	6	6	6	6	6	13	8	7	6	6
Fire ladder trucks	2	2	2	2	2	2	2	2	2	2
Rescue squads	3	5	2	4	4	4	4	4	3	4
Ambulances	6	6	7	6	6	6	6	6	6	6
Utility vehicles	1	1	1	1	-	-	-	-	-	-
Boats with trailer	1	1	1	1	1	1	1	1	1	1
TRS rescue trailers	1	1	1	1	1	1	1	1	1	1
Public education trailers	-	-	-	1	1	1	1	1	1	1
Hazardous material vehicles	1	1	1	1	1	1	1	1	1	1
Administrative vehicles	8	8	8	8	8	8	9	10	11	9
PUBLIC WORKS										
Streets (miles)	223	223	223	223	223	229	229	229	229	230
Streetlights	3,196	3,196	3,196	3,196	3,196	3,207	3,207	3,207	3,207	3,212
Traffic signals	9,781	9,781	9,781	9,781	9,781	9,784	9,784	9,784	9,784	9,784
WATER										
Water mains (miles)	240	240	240	250	252	252	252	252	252	253
Fire hydrants	2,704	2,704	2,704	2,704	2,732	2,732	2,732	2,732	2,732	2,740
Storage capacity (gallons)	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000
WASTEWATER										
Sanitary sewers (miles)	224	223	223	225	226	226	226	226	226	227
Storm sewers (miles)	158	158	158	161	162	162	162	162	162	163

Data Source

Various Village departments