

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Year Ended April 30, 2012



Prepared by the Finance Department

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

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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 Benefits 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	87-89
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	90
Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	91

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	92-94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	95-97
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund	98
Community Development Block Grant Fund	99
First Time Homebuyer Grant Fund	100
Fire Academy Fund.....	101
Foreign Fire Insurance Fund	102
Criminal Investigations Fund.....	103
Municipal Parking Operations Fund.....	104
TIF I South Fund	105
TIF II North Fund.....	106
TIF III Fund	107
TIF IV Fund.....	108
TIF V Fund.....	109

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	110
Public Building Fund.....	111
Emerald Ash Borer 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)

	<u>Page(s)</u>
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
General Obligation Refunding Bonds, Series 2011.....	156
General Obligation Refunding Bonds, Series 2012A.....	157

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

	<u>Page(s)</u>
STATISTICAL SECTION	
Financial Trends	
Net Assets by Component.....	158
Change in Net Assets	159-162
Fund Balances of Governmental Funds.....	163
Changes in Fund Balances of Governmental Funds	164-165
Revenue Capacity	
Police Pension Fund - Tax Levies and Contributions	166
Firefighters' Pension Fund - Tax Levies and Contributions	167
Assessed Value and Actual Value of Taxable Property.....	168
Property Tax Rates - Direct and Overlapping Governments	169
Principal Property Taxpayers.....	170
Property Tax Levies and Collections.....	171
Debt Capacity	
Ratios of Outstanding Debt by Type	172
Ratios of General Bonded Debt Outstanding	173
Direct and Overlapping Governmental Activities Debt	174
Schedule of Legal Debt Margin	175
Pledged-Revenue Coverage	176
Demographic and Economic Information	
Demographic and Economic Information	177
Principal Employers	178
Operating Information	
Full-Time Equivalent Village Government Employees by Function/Program	179
Operating Indicators	180
Capital Asset Statistics.....	181

INTRODUCTORY SECTION

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL OFFICERS

APRIL 30, 2012

VILLAGE BOARD

Arlene J. Mulder, Village President

Carol Blackwood

Thomas W. Hayes

Norman Breyer

Bert Rosenberg

Joseph C. Farwell

John Scaletta

Thomas Glasgow

Michael Sidor

ADMINISTRATION

Village Manager, Bill Dixon

Village Attorney Jack Siegel

Village Clerk..... Rebecca Hume

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

Director of Human Resources..... 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

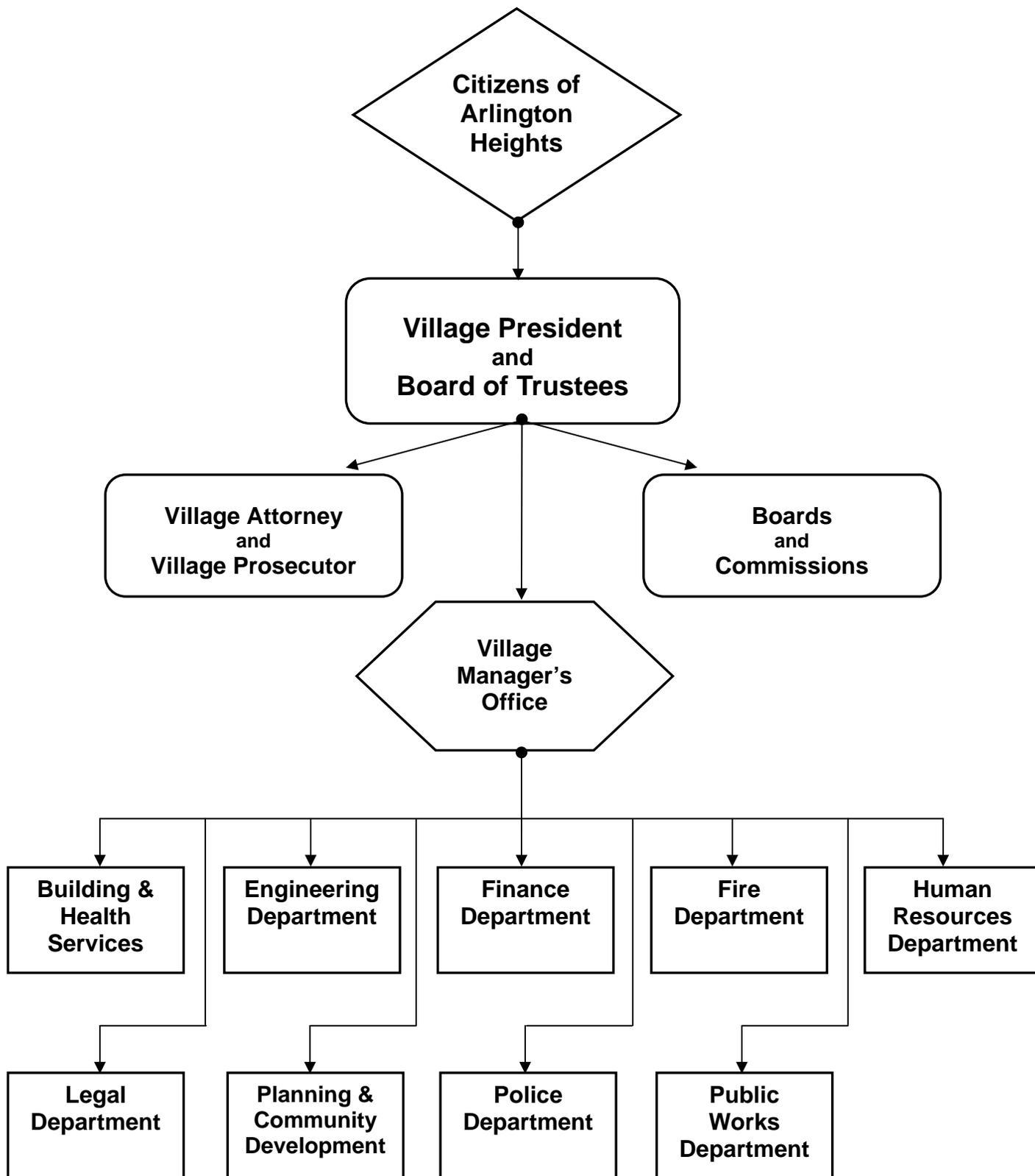
Director of Building & Health Services James McCalister

Director of Engineering Jim Massarelli

Public Works Director Scott Shirley

VILLAGE OF ARLINGTON HEIGHTS

ORGANIZATION STRUCTURE



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, 2011

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.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director



Village of Arlington Heights

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

September 14, 2012

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, 2012, 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, 2012, 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, 2012, 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. The Village's 2010 Census places the population at 75,101 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 23,600 owner-occupied units and 7,319 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 \$4.9 million was spent on the ongoing street resurfacing and street reconstruction programs.
- In excess of \$1 million was spent on water and sewer rehabilitation and replacement projects.
- 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 \$107,854 in projects funded through the federal Energy Efficiency and Conservation Block Grant (EECBG) program, and \$305,000 spent on sidewalk and curb replacement throughout the Village.
- In response to the imminent invasion of the emerald ash borer (EAB) beetle the Village established a new EAB Fund at the end of FY2012. The beetle is firmly established in the Village and is expected to decimate the Village's parkway Ash trees which represent about one-third of the Village's tree inventory. The most cost effective way to deal with this issue is to remove and replace all of the Village's 13,000 parkway Ash trees over the next several years. The Village plans on issuing a \$10-\$11 million general obligation bond issue in 2014 to pay for the cost of this program.

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 68% residential and 32% 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 were 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 reserves.

In response to the economic recession stemming from the nation's faltering banking and credit systems, the Village took aggressive budgetary actions from the beginning of the economic downturn. As a result of these actions the Village has retained a very stable financial position, and the Village's General Fund ended with surpluses in FY2010, FY2011, and FY2012. The Village's ongoing economic strength is demonstrated by new businesses that continue to open in the Village. These include the recent opening of a Mariano's grocery store, hhgregg appliances and electronics, and numerous restaurants. Additional businesses are slated to open during FY2013.

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 1 1/2 years. The average yield on investments was .44% for the Village, and actuarial yields as of May 1, 2011 of 3% for the Police Pension Fund, and 5.5% 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, 2012 fiscal year end reflect the third 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 four basic types of health insurance plans: a conventional HMO plan, a Blue Advantage HMO plan comprised of a smaller, more localized network, a self-insured PPO plan and a high deductible PPO plan both administered by a third party. All of the Village's health plan options 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, 2011 reflects funding levels of 68% for the Police Pension Fund and 59% 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 actuarial valuation for the Village's portion of IMRF as of December 31, 2011 reflects a funding level of 67%. 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, 2011. This was the twenty-second 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



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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, 2012, 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village of Arlington Heights, Illinois adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Village of Arlington Heights, Illinois' governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Village Arlington Heights, Illinois' governmental fund balances as of and for the year ended April 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012 on our consideration of the 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the financial information listed as schedules and supplemental data in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, the schedules and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, 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, the prior year in the period ended April 30, 2012 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The schedules of revenues, expenditures and changes in fund balance - budget and actual for each fund with comparative actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balance - budget and actual for each fund with comparative actual are fairly stated in all material respects in relation to the financial statements from which it has been derived.

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.



Naperville, Illinois
September 14, 2012

**GENERAL PURPOSE
EXTERNAL FINANCIAL
STATEMENTS**

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2012

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 \$5.9 million or 2.6% during the fiscal year ending April 30, 2012. The governmental net assets increased by \$7.3 million and the business-type activities net assets decreased by \$1.4 million.
- The Village's combined Governmental Funds ending fund balance increased \$4.9 million as of April 30, 2012.
- At the end of the current fiscal year, the unrestricted fund balance for the General Fund was \$22,922,116 or 36.1% 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 82-146 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 \$5.9 million from FY2011, increasing from \$224.3 million to \$230.2 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 \$7.3 million from \$167.4 million to \$174.7 million. The business-type activities net assets decreased by \$1.4 million from \$56.9 million to \$55.5 million. Table 1 reflects the condensed Statement of Net Assets compared to FY2011. 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, 2012
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Assets						
Current & Other Assets	108.5	102.7	24.1	23.6	132.6	126.3
Capital Assets	169.4	172.1	32.8	34.3	202.2	206.4
Total Assets	\$277.9	\$274.8	\$56.9	\$57.9	\$334.8	\$332.7
Liabilities						
Current Liabilities	41.6	41.1	0.8	0.5	42.4	41.6
Long-Term Liabilities	61.6	66.3	0.6	0.5	62.2	66.8
Total Liabilities	\$103.2	\$107.4	\$1.4	\$1.0	\$104.6	\$108.4
Net Assets						
Invested in Capital Assets, Net of Related Debt	116.9	113.5	32.8	34.3	149.7	147.8
Restricted	16.3	9.4	--	--	16.3	9.4
Unrestricted	41.5	44.5	22.7	22.6	64.2	67.1
Total Net Assets	\$174.7	\$167.4	\$55.5	\$56.9	\$230.2	\$224.3

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 \$5.9 million increase of combined net assets (which is the Village's bottom line) was the result of the governmental activities net assets increasing by \$7.3 million and the business-type activities net assets decreasing \$1.4 million. The governmental activities total assets increased by \$3.1 million and the governmental activities total liabilities decreased by \$4.2 million.

The governmental activities total assets increase of \$3.1 million is due to a \$5.8 million increase in current and other assets, netted against a \$2.7 million decrease in capital assets as the Village's public buildings are depreciated over time. The General Fund's cash position increased by about \$2.4 million due to revenues coming in higher than expenses for the fiscal year. The General Fund and Debt Service Fund property tax receivables show a decrease of about \$1.3 million over the prior period, but this is offset by an increase in receivables from other taxes. The amount due from fiduciary funds to the General Fund increased by about \$800,000 as of the end of FY2012, due to an increase in deferred property taxes for the Police and Fire Pension Funds.

The decrease in total liabilities of \$4.2 million was due to a small increase in current liabilities of \$.5 million which was offset by a decrease in long-term liabilities of \$4.7 million. 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 in part by an increase in net pension obligations of about \$1.2 million. About \$797,000 of this increase is due to the recognition of a net pension obligation (NPO) for the Illinois Municipal Retirement Fund (IMRF). Between 2010 and 2012 the Village used a lower phased-in contribution rate offered by IMRF, rather than the normal annual required contribution rate as an aide to work through the effects of the economic recession, which included significant investment losses experienced by IMRF. The Village's IMRF rate was temporarily capped at an annual increase of 10% under this IMRF program. The accumulated difference between these two funding methods created the net pension obligation. Using the phased-in IMRF rate allowed the Village to hold the line on property tax increases for IMRF purposes during the early years of the recession. During these same years the Police and Fire Pension Fund required contributions increased around 20 to 25% per year. As a result of improved IMRF investment returns the Village was recently notified that the IMRF's phased-in rate program will no longer be needed to stabilize future IMRF contribution rates. During FY2013 the Village is considering a plan to pay down the existing IMRF NPO using prior year General Fund operating surplus funds.

The Village's other post-employment benefits (OPEB) obligation also increased by about \$200,000. As required by the Governmental Accounting Standards Board (GASB) Statement No. 45, the Village must recognize liabilities

(See independent auditor's report.)

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

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 \$1 million from \$57.9 million to \$56.9 million. This was due to a \$.5 million increase in current assets offset by a \$1.5 million decrease in capital assets. Capital assets decreased due to depreciation on existing water and sewer buildings and infrastructure that exceeded current year infrastructure additions. Total liabilities of business-type activities increased slightly from year to year.

Changes in Net Assets

The Village's combined change in net assets increased by \$2.1 million, from a \$3.8 million increase to a \$5.9 million increase in FY2012. The Village's total revenue increased by \$5.0 million. The Village's cost of all programs increased by \$2.9 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, 2012
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenue						
Program Revenues						
Charges for Services	11.4	11.1	14.8	14.2	26.2	25.3
Operating Grants	2.6	2.8	-	-	2.6	2.8
Capital Grants	0.6	0.9	-	-	0.6	0.9
General Revenues						
Property Taxes & Replacement Taxes	31.1	29.2	-	-	31.1	29.2
Other Taxes	37.1	34.5	0.4	0.4	37.5	34.9
Other Revenue	0.8	1.1	0.6	0.2	1.4	1.3
Total Revenues	\$83.6	\$79.6	\$15.8	\$14.8	\$99.4	\$94.4
Expenses						
Governmental Activities						
General Government	6.3	5.2	-	-	6.3	5.2
Public Safety	41.8	40.3	-	-	41.8	40.3
Highways & Streets	17.9	17.1	-	-	17.9	17.1
Community Development	5.8	6.3	-	-	5.8	6.3
Health & Welfare	2	1.9	-	-	2	1.9
Interest	2.5	2.6	-	-	2.5	2.6
Business Type						
Water & Sewer	-	-	14.9	15.2	14.9	15.2
Solid Waste Disposal	-	-	1.5	1.5	1.5	1.5
Arts, Ent. & Events	-	-	0.8	0.5	0.8	0.5
Total Expenses	\$76.3	\$73.4	\$17.2	\$17.2	\$93.5	\$90.6
Change in Net Assets	7.3	6.2	(1.4)	(2.4)	5.9	3.8
Ending Net Assets	\$174.7	\$167.4	\$55.5	\$56.9	\$230.2	\$224.3

(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 81% of the Village’s General Fund and 39% 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.)

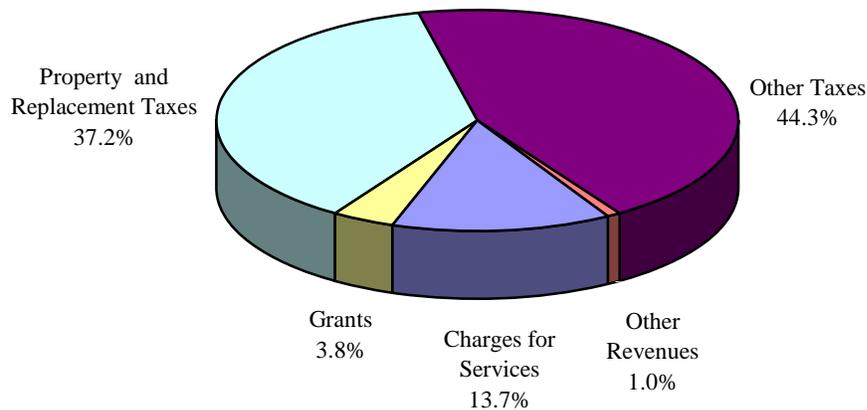
**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Current Year Impacts

Governmental Activities

Revenues:

**FY2012 Governmental Activities
Revenues by Source**



For the fiscal year ended April 30, 2012, revenues from Governmental Activities totaled \$83.6 million, which was \$4 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 \$31.1 million and representing 37.2% of total Government Activity revenue. This includes property tax increment revenue generated by the Village's tax increment financing (TIF) districts, which brought in \$1.4 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 \$37.1 million representing 44.3% of the total Governmental Activity revenue.

Property tax receipts increased about \$1.9 million over the prior fiscal year. The Police and Fire Pension Fund levies accounted for \$1.2 million of this increase due to higher annual required contributions to these pension funds as a result of investment losses experienced during the recession.

Village sales tax receipts increased by about \$150,000 or 1.4% over the prior fiscal year. Income tax receipts came in a bit higher than last year, increasing by about \$135,000. Telecommunication tax receipts increased substantially by nearly \$500,000 or 13% due primarily to an additional one-time payment from the State after an audit of their receipts from telecommunication providers yielded additional amounts due. As part of the Village's revenue and expenditure budget balancing actions taken for the FY2012 budget, the Village Board approved an increase in the electric and natural gas utility taxes at an equivalent rate of 5% from the prior 3% rate. This change generated an increase in utility tax receipts of approximately \$1.2 million during FY2012.

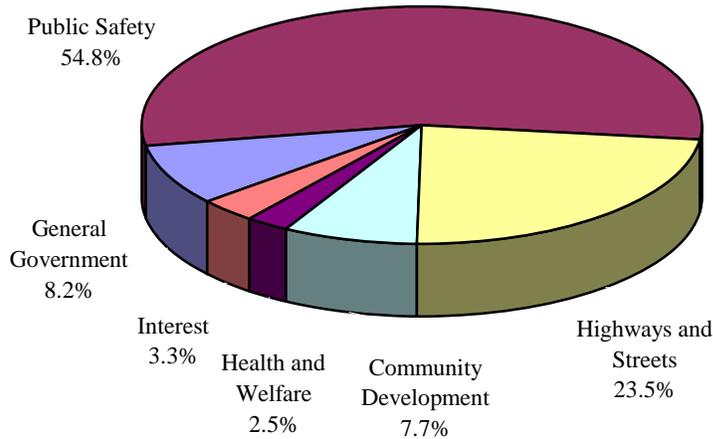
Other revenue came in about \$115,000 over the prior year. Interest income came in about \$134,000 or 38% lower than last year, and revenues were reduced further by a transfer out to the Arts, Entertainment & Events (A, E & E) Fund. This transfer returned monies to the A, E & E Fund that was previously transferred to the General Fund for cash flow purposes during FY2010. These revenue decreases were more than offset by licenses and permits that exceeded the prior year by \$245,000 and home-rule sales tax receipts that came in \$323,000 over the prior year.

(See independent auditor's report.)

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

Expenses:

**FY2012 Governmental Activities
Expenses by Function**



For the fiscal year ended April 30, 2012, expenses from Governmental Activities totaled \$76.3 million, an increase of \$2.9 million or 3.9% over the prior year. Increased employer contributions to the Police and Fire Pension Funds accounted for \$1.2 million of this increase as noted in the revenue narrative above. Police and Fire pension property tax levies are collected in the General Fund and paid to these respective pension funds as an employer contribution, and are shown as pension expenditures in the Police and Fire Departments.

Planned principal and interest costs on the Village’s general obligation debt increased by about \$500,000 over the prior year, and the balance of the Governmental Activities expense increase is attributable to the increase in the net pension obligation outlined earlier.

Business-Type Activities

Revenues:

The total revenue for the business-type activities increased by \$1 million. This is due to the planned increase in water and sewer fees, and the \$300,000 transfer to the A, E & E Fund that was described earlier.

Expenses:

Expenses from business-type activities did not change from the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

Governmental Funds

At April 30, 2012 the Governmental Funds (as presented on Page 6) reported a combined fund balance of \$47,499,107, which is an 11.6% increase from the beginning of the year balance of \$42,571,103. Of the total fund balance, \$22,321,417 is unrestricted and unassigned indicating availability for continuing Village services. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Restricted fund balance reflects amounts that can be spent only for specific purposes stipulated by creditors, grantors, contributors, or imposed by law through enabling legislation adopted by the Village. Restricted fund balances totaling \$16,263,555 include \$1,761,874 for debt service, \$6,528,973 for capital

(See independent auditor’s report.)

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

projects, \$659,948 for public safety (Fire Academy, Foreign Fire Insurance, and Drug Forfeiture Funds), \$1,237,324 for highways and streets (MFT Fund), and \$6,075,436 for community development and other reserves TIF Funds and Flood V Fund). Assigned fund balances are intended to be used by the Village for specific purposes and are designated by the Village’s Finance Director for reporting purposes. Assigned fund balances totaling \$8,792,644 include \$4,462,003 for public parking, \$1,737,477 for public buildings, \$1,992,465 to emerald ash borer purposes, and \$600,699 for other miscellaneous purposes.

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 \$2,632,118, or 12.9% over FY2011. Revenues came in over expenditures by \$5,502,018 and other financing sources (uses) included a scheduled transfer-out of \$269,900 to debt service for the NWCDS (Central Dispatch) Building, as well as one-time transfers out of \$300,000 to the A, E & E Fund, \$300,000 to the General Liability Fund, and \$2 million to the Emerald Ash Borer (EAB) Fund.

Proprietary Funds

At April 30, 2012 the Proprietary Funds (as presented on Pages 10-13) total net assets decreased by \$1,388,129, or 2.4%. In the Water and Sewer Fund cash and investments decreased by about \$.6 million due to planned expenses coming in higher than revenues. Accumulated depreciation also increased by \$1.4 million, decreasing the value of capital assets. In the Solid Waste Disposal and A, E & E Funds, cash increased by \$385,000 and \$151,000 respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3: General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual
Revenues	63,566,000	63,637,683	66,163,718
Expenditures	62,796,100	63,021,145	60,661,700
Excess of Revenues			
Over Expenditures	\$ 769,900	\$ 616,538	\$ 5,502,018
Other Financing Sources (Uses)	\$ (769,900)	\$ (3,069,900)	\$ (2,869,900)
Net Changes in Fund Balance	\$ -	\$ (2,453,362)	\$ 2,632,118

Over the course of the fiscal year, the Village amended the General Fund expenditure budget at various times for a total of \$225,045, or only .4% over the original budget. The expenditure budget amendments can be summarized as follows:

\$ 153,362	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>71,683</u>	Budget amendments to account for Police and tree grants awarded during the fiscal year.
<u>\$ 225,045</u>	Total General Fund expenditure budget amendments.

The budget for Other Financing Sources (Uses) was also amended during the year to account for following transfers:

\$ 300,000	Transfer to the Arts, Entertainment & Events Fund.
<u>2,000,000</u>	Transfer to establish the Emerald Ash Borer (EAB) Fund.
<u>\$ 2,300,000</u>	Total General Fund Other Financing Sources (Uses) budget amendments.

Over the last three fiscal years the Village took 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

(See independent auditor’s report.)

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

made to programs and services, and about 46 staff positions or about 10% of the Village's workforce was eliminated through attrition and layoffs. During this time the Village also acted to replace some of the lost revenues by instituting new revenue sources. These actions enabled the Village to maintain a healthy General Fund balance throughout the difficult economic times, and recent gains in revenue receipts have allowed the Village to record a General Fund surplus in FY2011 and FY2012.

General Fund revenues ended the fiscal year positively with \$2,526,035 more than the final budget. Sales, home rule sales, and State use tax receipts came in a combined \$1.33 million over budget. Telecommunications tax receipts came in about \$500,000 over budget due primarily to an additional one-time payment from the State after an audit of their receipts from telecommunication providers yielded additional amounts due. Electric and natural gas utility tax receipts also outperformed the budget by a combined \$276,000 as the Village was very conservative when estimating tax receipts from these new revenue sources. Cable franchise fees exceeded the budgeted amount by \$135,000 and other revenues came in over budget by a combined \$285,000.

The year-end results for General Fund expenditures were also positive as expenditures came in under budget by \$2,349,445. Of this amount salary and fringe expenditures for Police Officers came in under budget by about \$367,000 due to normal vacancies and temporary workers compensation related vacancies. Wages and benefits also came in under budget by about \$70,000 for Building and Health Services. During FY2012 the Village combined the Building and Health Departments into one department. As a result, the Director of Building Services position was eliminated through attrition. The Village's Health Services Director assumed these additional duties and was promoted to Director of the Building and Health Services Department. Health expenditures also came in under budget by about \$30,000 due to funds that were allocated for court-mandated emergency property maintenance and clean-up efforts for uninhabitable homes that were not required this year.

The Village experienced a mild winter season which resulted in Public Works Department savings on overtime and fringe benefits of about \$296,000 when compared to the budgeted amount. 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 significantly under budget including the unused budgeted contingency amounting to \$463,000.

Other Financing Uses came in within the amended budget, but were significantly higher than in prior years. During the year the Village transferred \$300,000 back to the A, E & E Fund which had been previously transferred in to the General Fund for cash flow purposes during FY2010. After transferring these funds to the A, E & E Fund the Village made a payment in that same amount to the operator of the Village's Metropolis Theater complex to provide that entity with an adequate operating fund balance. The source of these funds was ultimately from the A, E & E Fund's .25% food & beverage tax that was established to cover the costs associated with Village presentation and participation in arts, theatrical and other community events.

Another significant General Fund other financing use was the \$2 million transfer to the Emerald Ash Borer (EAB) Fund. The EAB Fund was established at the end of FY2012 to account for the costs associated with the removal and replacement of diseased parkway Ash trees. Fund expenditures include a one-time budget allocation for the "People's Choice" treatment option and significant monies for the removal and replacement of the Village's parkway Ash trees. Initial funding for the EAB Fund came through the \$2 million transfer from the General Fund until a bond issue is sold in 2013 or 2014 which will cover the majority of the projected \$10 - \$11 million cost of the EAB program. Once a bond issue is sold, the EAB Fund could refund all or a portion of the amount transferred from the General Fund depending on the financial conditions at that time.

The Village's total net change in fund balance increased by \$2,632,118 as a result of revenues coming in over expenditures by \$5,502,018, net of other financing sources (uses) totaling (\$2,869,900).

(See independent auditor's report.)

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

CAPITAL ASSETS

At the end of FY2012, the Village had a combined total of \$202.22 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 \$4.16 million. Table 5 focuses on the changes in capital assets of the governmental and business-type activities.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$13.06	\$13.06	\$3.12	\$3.12	\$16.18	\$16.18
Land Right-of-Way (ROW)	72.18	72.18	--	--	72.18	72.18
Construction in Progress	--	--	--	--	--	--
Building	70.44	72.94	11.49	11.93	81.93	84.87
Machinery & Equipment	5.89	5.52	2.62	2.83	8.51	8.35
Infrastructure (Streets)	7.87	8.41	--	--	7.87	8.41
Underground Systems (Water & Sewer)	--	--	15.55	16.39	15.55	16.39
Total Capital Assets, Net	\$169.44	\$172.11	\$32.78	\$34.27	\$202.22	\$206.38

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

	Governmental Activities	Busines-Type Activities	Total
Beginning Balance	\$172.11	\$34.27	\$206.38
Additions			
Depreciable	1.56	-	1.56
Non-Depreciable	-	-	-
CIP	-	-	-
Retirements			
Depreciable	(0.39)	-	(0.39)
Non-Depreciable	-	-	-
CIP	-	-	-
Depreciation	(4.23)	(1.49)	(5.72)
Retirement	0.39	-	0.39
Ending Balance	\$169.44	\$32.78	\$202.22

The governmental activities net capital assets decreased by \$2.67 million or 1.6%. For business-type activities, the capital assets net of depreciation decreased by \$1.49 million or 4.3%. 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, 2012 total General Obligation Bonds outstanding for governmental activities amounted to \$53.7 million. Of this amount, \$10 million is for flood control and Library building purposes, \$35.5 million for reconstruction of public buildings, \$2.6 million for TIF projects, \$2.6 million for the NWCDS building, \$1.6 million for the Senior Center, and \$1.4 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 January 2012 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 FY2013 BUDGET

This fiscal year ended positively as the Village's General Fund ended with another surplus. This operating fund pays for most Village services, except for water and sewer expenses. The financial condition of the General Fund has improved significantly over the last two fiscal years. Aggressive budgetary actions on both the expenditure and revenue sides of the ledger in prior fiscal years enabled the Village maintain a strong fund balance throughout the recent recession. As of September 14, 2012, the last day of fieldwork for the audit, the Village's FY2013 revenue and expenditure budget assumptions are continuing to come in 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 FY2012.

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, 2012

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Arlington Heights Memorial Library
ASSETS				
Cash and investments	\$ 75,285,156	\$ 6,930,747	\$ 82,215,903	\$ 15,098,246
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	14,670,064	-	14,670,064	6,275,214
Other taxes	7,825,551	-	7,825,551	-
Customer accounts	-	1,813,457	1,813,457	-
Accrued interest	108,506	19,996	128,502	16,029
CDBG rehabilitation loans	2,342,465	-	2,342,465	-
Grants	9,247	-	9,247	77,016
Other	1,078,199	-	1,078,199	-
Prepaid expenses	428,627	91,658	520,285	33,748
Inventory	166,778	452,079	618,857	-
Due from other governments	386,992	-	386,992	-
Due from fiduciary funds	4,488,561	-	4,488,561	-
Deferred charges	441,397	-	441,397	-
Net pension asset	1,280,898	-	1,280,898	-
Investment in joint venture	-	14,834,382	14,834,382	-
Capital assets not being depreciated	85,249,046	3,124,150	88,373,196	142,378
Capital assets being depreciated (net of accumulated depreciation)	84,188,936	29,653,685	113,842,621	7,139,223
Total assets	277,950,423	56,920,154	334,870,577	28,781,854
LIABILITIES				
Accounts payable	1,594,472	730,859	2,325,331	480,311
Accrued payroll	619,341	105,433	724,774	238,535
Due to other governments	284,975	-	284,975	-
Payroll taxes payable	291,208	-	291,208	-
Claims payable	2,420,842	-	2,420,842	-
Accrued interest payable	1,092,191	-	1,092,191	-
Unearned revenues	35,357,442	-	35,357,442	13,158,857
Noncurrent liabilities				
Due within one year	6,166,891	61,478	6,228,369	-
Due in more than one year	55,411,360	505,059	55,916,419	687,142
Total liabilities	103,238,722	1,402,829	104,641,551	14,564,845
NET ASSETS				
Invested in capital assets, net of related debt	116,954,018	32,777,835	149,731,853	7,281,601
Restricted for				
Public safety	659,948	-	659,948	-
Highways and streets	1,237,324	-	1,237,324	-
Capital projects	6,528,973	-	6,528,973	-
Community development	6,075,436	-	6,075,436	-
Debt service	1,761,874	-	1,761,874	-
Culture, recreation and education	-	-	-	6,935,408
Unrestricted	41,494,128	22,739,490	64,233,618	-
TOTAL NET ASSETS	\$ 174,711,701	\$ 55,517,325	\$ 230,229,026	\$ 14,217,009

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 6,257,562	\$ 4,582,832	\$ 214,926	\$ -
Public safety	41,805,406	2,895,316	223,652	-
Highways and streets	17,923,609	3,017,043	1,861,270	574,058
Community development	5,838,531	901,216	338,235	-
Health and welfare	1,948,340	42,754	-	-
Interest	2,514,126	-	-	-
Total governmental activities	76,287,574	11,439,161	2,638,083	574,058
Business-Type Activities				
Water and sewer	14,914,914	12,960,678	-	-
Solid waste disposal	1,529,106	1,701,884	-	-
Arts, entertainment and events	819,933	132,209	-	-
Total business-type activities	17,263,953	14,794,771	-	-
TOTAL PRIMARY GOVERNMENT	\$ 93,551,527	\$ 26,233,932	\$ 2,638,083	\$ 574,058
COMPONENT UNIT				
Arlington Heights Memorial Library	\$ 12,720,404	\$ 241,260	\$ 185,560	\$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Unit
	Governmental	Business-Type	Total	Arlington Heights
	Activities	Activities		Memorial Library
	\$ (1,459,804)	\$ -	\$ (1,459,804)	\$ -
	(38,686,438)	-	(38,686,438)	-
	(12,471,238)	-	(12,471,238)	-
	(4,599,080)	-	(4,599,080)	-
	(1,905,586)	-	(1,905,586)	-
	(2,514,126)	-	(2,514,126)	-
	(61,636,272)	-	(61,636,272)	-
	-	(1,954,236)	(1,954,236)	-
	-	172,778	172,778	-
	-	(687,724)	(687,724)	-
	-	(2,469,182)	(2,469,182)	-
	(61,636,272)	(2,469,182)	(64,105,454)	-
	-	-	-	(12,293,584)
General Revenues				
Taxes				
Property	30,715,129	-	30,715,129	13,014,353
Sales	10,519,988	-	10,519,988	-
Home rule sales	6,897,071	-	6,897,071	-
Replacement	410,962	-	410,962	-
Use	1,101,284	-	1,101,284	-
Telecommunications	4,269,272	-	4,269,272	-
Utility	5,265,951	-	5,265,951	-
Hotel/motel	885,190	-	885,190	-
Food and beverage	1,750,023	433,045	2,183,068	-
Foreign fire insurance	123,597	-	123,597	-
Other	40,782	-	40,782	-
Shared income taxes	6,135,155	-	6,135,155	-
Investment income	217,990	27,741	245,731	54,049
Miscellaneous	886,473	320,267	1,206,740	27,529
Transfers	(300,000)	300,000	-	-
Total	68,918,867	1,081,053	69,999,920	13,095,931
CHANGE IN NET ASSETS	7,282,595	(1,388,129)	5,894,466	802,347
NET ASSETS, MAY 1	167,429,106	56,905,454	224,334,560	13,414,662
NET ASSETS, APRIL 30	\$ 174,711,701	\$ 55,517,325	\$ 230,229,026	\$ 14,217,009

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

April 30, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
ASSETS					
Cash and investments	\$ 21,966,104	\$ 5,231,656	\$ 7,699,425	\$ 19,316,444	\$ 54,213,629
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	9,718,490	3,045,146	1,223,261	683,167	14,670,064
Other taxes	7,679,751	-	-	145,800	7,825,551
Accrued interest	16,885	19,208	5,101	23,505	64,699
CDBG rehabilitation loans	-	-	-	2,342,465	2,342,465
Grants	-	-	-	9,247	9,247
Other	1,077,749	450	-	-	1,078,199
Prepaid items	43,169	-	-	-	43,169
Due from fiduciary funds	4,488,561	-	-	-	4,488,561
Due from other governments	-	-	386,992	-	386,992
Inventory	78,322	-	-	-	78,322
TOTAL ASSETS	\$ 45,069,031	\$ 8,296,460	\$ 9,314,779	\$ 22,520,628	\$ 85,200,898
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 794,115	\$ -	\$ 92,145	\$ 304,419	\$ 1,190,679
Accrued payroll	566,098	-	-	11,389	577,487
Due to other governments	-	-	-	284,975	284,975
Payroll taxes payable	291,208	-	-	-	291,208
Deferred property taxes	20,322,580	6,534,586	2,624,999	1,494,601	30,976,766
Deferred revenue	51,423	-	68,662	4,260,591	4,380,676
Total liabilities	22,025,424	6,534,586	2,785,806	6,355,975	37,701,791
FUND BALANCES					
Nonspendable					
Prepaid items	43,169	-	-	-	43,169
Inventory	78,322	-	-	-	78,322
Restricted					
Debt service	-	1,761,874	-	-	1,761,874
Capital projects	-	-	6,528,973	-	6,528,973
Public safety	-	-	-	659,948	659,948
Highways and streets	-	-	-	1,237,324	1,237,324
Community development	-	-	-	6,075,436	6,075,436
Unrestricted					
Assigned					
Wellness programs	49,443	-	-	-	49,443
Disabled citizens programs	13,965	-	-	-	13,965
Emergency assistance programs	78,291	-	-	-	78,291
Senior center maintenance	459,000	-	-	-	459,000
Public parking	-	-	-	4,462,003	4,462,003
Public building	-	-	-	1,737,477	1,737,477
Emerald ash borer	-	-	-	1,992,465	1,992,465
Unassigned	22,321,417	-	-	-	22,321,417
Total fund balances	23,043,607	1,761,874	6,528,973	16,164,653	47,499,107
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,069,031	\$ 8,296,460	\$ 9,314,779	\$ 22,520,628	\$ 85,200,898

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, 2012

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 47,499,107
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	169,437,982
Less internal service funds	(5,784,572)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(53,730,000)
Unamortized premium on bonds	(618,150)
Unamortized discount on bonds	16,322
Unamortized loss on refunding of bonds	1,847,864
Net pension obligation - police pension	(1,616,799)
Net pension obligation - IMRF	(797,032)
Net other postemployment benefits obligation	(3,302,830)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in governmental funds	(3,062,617)
Deferred charges is reported as an asset on the statement of net assets	441,397
Accrued interest on long-term liabilities is reported as a liability on the statement of net assets	(1,092,191)
The net pension asset of the firefighters' pension fund is included in the governmental activities in the statement of net assets	1,280,898
The net assets of the internal service funds are included in the governmental activities in the statement of net assets	<u>24,192,322</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 174,711,701</u></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, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
REVENUES					
Taxes	\$ 48,693,771	\$ 7,549,493	\$ 4,212,835	\$ 1,399,553	\$ 61,855,652
Licenses and permits	3,618,724	-	-	-	3,618,724
Intergovernmental	6,135,155	-	-	2,162,379	8,297,534
Grants	261,065	-	239,919	672,374	1,173,358
Charges for services	2,030,165	-	-	-	2,030,165
Fines and fees	4,541,895	-	-	1,053,797	5,595,692
Investment income	87,787	22,041	31,448	76,714	217,990
Rents and reimbursables	431,382	-	-	-	431,382
Miscellaneous	363,774	-	49,709	236,179	649,662
Total revenues	66,163,718	7,571,534	4,533,911	5,600,996	83,870,159
EXPENDITURES					
Current					
General government	5,890,843	-	-	-	5,890,843
Public safety	40,356,464	-	-	328,178	40,684,642
Highways and streets	7,826,633	-	-	1,423,932	9,250,565
Community development	4,734,196	-	-	339,610	5,073,806
Health and welfare	1,853,564	-	-	7,535	1,861,099
Capital outlay	-	-	4,404,935	2,648,608	7,053,543
Debt service					
Principal retirement	-	6,360,000	-	-	6,360,000
Interest and fiscal charges	-	2,199,945	-	-	2,199,945
Issuance costs	-	147,895	-	-	147,895
Total expenditures	60,661,700	8,707,840	4,404,935	4,747,863	78,522,338
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,502,018	(1,136,306)	128,976	853,133	5,347,821
OTHER FINANCING SOURCES (USES)					
Bonds issued, at par	-	19,595,000	-	-	19,595,000
Premium on bonds issued	-	395,279	-	-	395,279
Payment to escrow agent	-	(19,810,106)	-	-	(19,810,106)
Transfers in	-	973,700	-	2,008,325	2,982,025
Transfers (out)	(2,869,900)	-	-	(712,125)	(3,582,025)
Total other financing sources (uses)	(2,869,900)	1,153,873	-	1,296,200	(419,827)
NET CHANGE IN FUND BALANCES	2,632,118	17,567	128,976	2,149,333	4,927,994
FUND BALANCES, MAY 1	20,411,489	1,744,307	6,399,997	14,015,320	42,571,113
FUND BALANCES, APRIL 30	\$ 23,043,607	\$ 1,761,874	\$ 6,528,973	\$ 16,164,653	\$ 47,499,107

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, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,927,994
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	113,654
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	6,360,000
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	19,810,106
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	(19,595,000)
Premium on bonds issued	(395,279)
Issuance costs on bonds are capitalized and amortized in the statement of activities	147,895
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	(126,549)
The amortization of premium on long-term debt is reported as a reduction of expense on the statement of activities	57,711
The reduction of discount on long-term debt is reported as an expense on the statement of activities	(55,351)
Less amount of discount on refunded bonds written off	49,910
The amortization of the loss on refunding is reported as an expense on the statement of activities	(178,409)
The amortization of deferred charges is reported as an expense on the statement of activities	(61,483)
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	(4,227,348)
Less internal service funds	1,062,776
Increase in compensated absences liability	(84,484)
Decrease in net pension asset	(78,756)
Increase in net pension obligation	
Police pension	(274,999)
IMRF	(797,032)
Increase in net other postemployment benefits obligation	(191,950)
The change in net assets of internal service funds is reported in governmental activities	819,189
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,282,595</u>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

April 30, 2012

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,278,860	\$ 2,651,887	\$ 6,930,747	\$ 21,071,527
Receivables				
Customer accounts	1,714,741	98,716	1,813,457	-
Accrued interest	17,684	2,312	19,996	43,807
Prepaid expenses	-	91,658	91,658	385,458
Inventory	452,079	-	452,079	88,456
Total current assets	6,463,364	2,844,573	9,307,937	21,589,248
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	17,664,186
Accumulated depreciation	(70,626,136)	(637,672)	(71,263,808)	(11,879,614)
Net capital assets	30,425,308	2,352,527	32,777,835	5,784,572
Other assets				
Investment in joint venture	14,834,382	-	14,834,382	-
Total other assets	14,834,382	-	14,834,382	-
Total noncurrent assets	45,259,690	2,352,527	47,612,217	5,784,572
Total assets	51,723,054	5,197,100	56,920,154	27,373,820
CURRENT LIABILITIES				
Accounts payable	704,772	26,087	730,859	403,793
Accrued payroll	105,433	-	105,433	41,854
Claims payable	-	-	-	2,420,842
Compensated absences payable	61,478	-	61,478	25,629
Total current liabilities	871,683	26,087	897,770	2,892,118
LONG-TERM LIABILITIES				
Compensated absences payable	348,378	-	348,378	145,230
Net other postemployment benefits obligation	156,681	-	156,681	144,150
Total long-term liabilities	505,059	-	505,059	289,380
Total liabilities	1,376,742	26,087	1,402,829	3,181,498
NET ASSETS				
Invested in capital assets, net of related debt	30,425,308	2,352,527	32,777,835	5,784,572
Unrestricted	19,921,004	2,818,486	22,739,490	18,407,750
TOTAL NET ASSETS	\$ 50,346,312	\$ 5,171,013	\$ 55,517,325	\$ 24,192,322

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, 2012

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
OPERATING REVENUES				
Charges for services	\$ 12,960,678	\$ 1,834,093	\$ 14,794,771	\$ 16,225,603
Fines	-	-	-	27,637
Intergovernmental	-	-	-	28,800
Miscellaneous	152,794	149,473	302,267	298,890
Total operating revenues	13,113,472	1,983,566	15,097,038	16,580,930
OPERATING EXPENSES				
Operations	13,483,848	2,285,391	15,769,239	15,159,303
Depreciation	1,431,066	63,648	1,494,714	1,062,776
Total operating expenses	14,914,914	2,349,039	17,263,953	16,222,079
OPERATING INCOME (LOSS)	(1,801,442)	(365,473)	(2,166,915)	358,851
NONOPERATING REVENUES (EXPENSES)				
Investment income	17,137	10,604	27,741	94,290
Building management fee	-	18,000	18,000	-
Food and beverage tax	-	433,045	433,045	-
Gain on disposal of capital assets	-	-	-	66,048
Total nonoperating revenues (expenses)	17,137	461,649	478,786	160,338
INCOME (LOSS) BEFORE TRANSFERS	(1,784,305)	96,176	(1,688,129)	519,189
TRANSFERS				
Transfers in	-	300,000	300,000	1,484,692
Transfers (out)	-	-	-	(1,184,692)
Total transfers	-	300,000	300,000	300,000
CHANGE IN NET ASSETS	(1,784,305)	396,176	(1,388,129)	819,189
NET ASSETS, MAY 1	52,130,617	4,774,837	56,905,454	23,373,133
NET ASSETS, APRIL 30	\$ 50,346,312	\$ 5,171,013	\$ 55,517,325	\$ 24,192,322

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2012

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 13,047,108	\$ 2,006,546	\$ 15,053,654	\$ -
Receipts from internal services	(1,330,536)	-	(1,330,536)	16,580,930
Payments to suppliers	(7,088,860)	(2,231,967)	(9,320,827)	(13,540,885)
Payments to employees	(5,229,639)	-	(5,229,639)	(2,185,830)
Net cash from operating activities	(601,927)	(225,421)	(827,348)	854,215
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers in	-	300,000	300,000	1,484,692
Interfund transfers (out)	-	-	-	(1,184,692)
Food and beverage tax receipts	-	451,045	451,045	-
Net cash from noncapital financing activities	-	751,045	751,045	300,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	-	(1,444,373)
Proceeds from the disposal of capital assets	-	-	-	66,048
Net cash from capital and related financing activities	-	-	-	(1,378,325)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	17,202	10,945	28,147	94,676
Net cash from investing activities	17,202	10,945	28,147	94,676
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(584,725)	536,569	(48,156)	(129,434)
CASH AND CASH EQUIVALENTS, MAY 1	4,863,585	2,115,318	6,978,903	21,200,961
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 4,278,860	\$ 2,651,887	\$ 6,930,747	\$ 21,071,527

(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, 2012

	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)	\$ (1,801,442)	\$ (365,473)	\$ (2,166,915)	\$ 358,851
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	1,431,066	63,648	1,494,714	1,062,776
Income from investment in joint venture	(477,971)	-	(477,971)	-
Change in assets and liabilities				
Receivables	(66,364)	22,980	(43,384)	-
Prepaid expenses	-	31,950	31,950	(385,458)
Inventories	(25,961)	-	(25,961)	(3,320)
Accounts payable	296,436	21,474	317,910	(86,330)
Accrued payroll	20,919	-	20,919	8,219
Compensated absences payable	12,231	-	12,231	6,950
Net other postemployment benefits payable	9,159	-	9,159	9,545
Claims payable	-	-	-	(117,018)
NET CASH FROM OPERATING ACTIVITIES	\$ (601,927)	\$ (225,421)	\$ (827,348)	\$ 854,215

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

April 30, 2012

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 2,652,543	\$ 1,447,092
Investments		
U.S. Government and agency obligations	58,145,702	-
Equity securities	19,605,897	-
Corporate bonds	11,462,711	-
Illinois Funds	7,265,383	-
Mutual funds	52,765,258	-
Municipal bonds	2,362,441	-
Receivables		
Accrued interest	517,403	1,899
Other	9,391	157,860
	<u>154,786,729</u>	<u>\$ 1,606,851</u>
LIABILITIES		
Accounts payable	50	\$ 2,500
Deposits payable	-	1,599,550
Due to other funds	4,488,561	-
Other payables	-	4,801
	<u>4,488,611</u>	<u>\$ 1,606,851</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 150,298,118</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, 2012

ADDITIONS	
Contributions	
Employer	\$ 8,508,639
Participants	1,809,579
Other	<u>274,819</u>
Total contributions	<u>10,593,037</u>
Investment income	
Net appreciation in fair value of investments	750,758
Interest income	<u>4,208,819</u>
Subtotal	4,959,577
Less investment expense	<u>(356,379)</u>
Net investment income	<u>4,603,198</u>
Total additions	<u>15,196,235</u>
DEDUCTIONS	
Administrative	99,368
Pension benefits and refunds	<u>9,085,133</u>
Total deductions	<u>9,184,501</u>
NET INCREASE	6,011,734
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>144,286,384</u>
April 30	<u><u>\$ 150,298,118</u></u>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

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, 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. 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). 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. 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 that are restricted, committed or assigned to expenditure of principal and interest.

The Capital Projects Fund accounts for financial resources that are restricted, committed or assigned to expenditure for capital outlays. 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.

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

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. The Illinois Metropolitan Investment (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 is valued at IMET's share price, the price for which the investment could be sold.

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.

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, in accordance with GASB Statement No. 54 as implemented, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director by the Fund Balance and Reserve Policy. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund are reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's restricted net assets resulted from enabling legislation adopted by the Village. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village 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 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.

Investments

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.

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.

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.

2. DEPOSITS AND INVESTMENTS (Continued)

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, corporate bonds, 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.

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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2012:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 21,533,160	\$ 754,395	\$ 9,746,341	\$ 11,032,424	\$ -
U.S. agency obligations	20,681,170	229,200	2,638,227	8,110,748	9,702,995
TOTAL	\$ 42,214,330	\$ 983,595	\$ 12,384,568	\$ 19,143,172	\$ 9,702,995

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 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 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.

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. Maximum percentages are cash 5%, fixed income 73%, large cap domestic equities 43%, small cap domestic equities 7%, international equities 7% and real estate 5%.

2. DEPOSITS AND INVESTMENTS (Continued)

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, corporate bonds, 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.

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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

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

Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of April 30, 2012:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 4,875,397	\$ -	\$ 1,254,637	\$ 3,620,760	\$ -
U.S. agency obligations	11,055,975	1,697,198	4,980,112	1,430,559	2,948,106
Municipal bonds	2,362,441	-	-	2,103,396	259,045
Corporate bonds	11,462,711	1,368,944	2,708,886	7,384,881	-
TOTAL	\$ 29,756,524	\$ 3,066,142	\$ 8,943,635	\$ 14,539,596	\$ 3,207,151

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 and the municipal bonds that were rated ranged from Baa to AAA.

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.

2. DEPOSITS AND INVESTMENTS (Continued)

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

Investments (Continued)

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. Maximum percentages are cash 5%; fixed income 40%; large cap domestic equities 40%; small/mid cap domestic equities 15%; international equities 15%; Real Estate 11% and Global Tactical AA 9%.

3. RECEIVABLES

a. Property Taxes

Property taxes for 2011 attach as an enforceable lien on January 1, 2011, 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, 2012 and August 1, 2012, and are payable in two installments, on or about March 1, 2012 and September 1, 2012. 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 2011 tax levy is intended to fund expenditures for the 2012-2013 fiscal year, these taxes are deferred as of April 30, 2012.

The 2012 tax levy, which attached as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012 as the tax has not yet been levied by the Village and will not be levied until December 2012 and, therefore, the levy is not measurable at April 30, 2012.

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, 2012:

Fund	Description	Amount
General	Municipal sales tax	\$ 2,437,808
	Home rule sales tax	1,161,336
	State income tax	2,240,073
	State use tax	266,780
	Telecommunications tax	1,316,973
	Food and beverage tax	146,599
	Hotel tax	107,960
	Auto rental	<u>2,222</u>
	Total General	<u>7,679,751</u>
Special Revenue		
Motor Fuel Tax	Motor fuel tax allotments	<u>145,800</u>
	Total Special Revenue	<u>145,800</u>
TOTAL GOVERNMENTAL FUNDS		<u>\$ 7,825,551</u>

c. Other Receivables

Other receivables are comprised of the following at April 30, 2012:

Fund	Description	Amount
General	Cable franchise fees	\$ 418,510
	Traffic fines	63,023
	SWANCC service charge	25,000
	Grants	97,377
	Gas tax rebate	14,668
	Utility taxes	362,464
	Liquor licenses	67,787
	Police counselors	<u>28,920</u>
	Total General	<u>1,077,749</u>

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

3. RECEIVABLES (Continued)

c. Other Receivables (Continued)

Fund	Description	Amount
Debt Service		
Debt Service	Miscellaneous Receipts	\$ 450
	Total Debt Service	<u>450</u>
TOTAL GOVERNMENTAL FUNDS		<u>\$ 1,078,199</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%	\$ 2,275,113	\$ 82,126	\$ 14,774	\$ -	\$ 2,342,465

5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 13,064,722	\$ -	\$ -	\$ 13,064,722
Land rights of way	72,184,324	-	-	72,184,324
Total capital assets not being depreciated	<u>85,249,046</u>	<u>-</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	\$ 101,509,232	\$ -	\$ -	\$ 101,509,232
Machinery, equipment and vehicles	19,410,679	1,496,027	389,964	20,516,742
Infrastructure	47,846,324	62,000	-	47,908,324
Total capital assets being depreciated	168,766,235	1,558,027	389,964	169,934,298
Less accumulated depreciation for				
Buildings and improvements	28,569,438	2,507,998	-	31,077,436
Machinery, equipment and vehicles	13,887,308	1,133,967	389,964	14,631,311
Infrastructure	39,451,232	585,383	-	40,036,615
Total accumulated depreciation	81,907,978	4,227,348	389,964	85,745,362
Total capital assets being depreciated, net	86,858,257	(2,669,321)	-	84,188,936
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 172,107,303	\$ (2,669,321)	\$ -	\$ 169,437,982

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

GOVERNMENTAL ACTIVITIES		
General government		\$ 598,695
Public safety		892,693
Highways and streets		2,290,292
Community development		418,327
Health and welfare		27,341
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		\$ 4,227,348

	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	\$ 7,311,191	\$ 441,278	\$ -	\$ 7,752,469
Machinery and equipment	2,823,476	215,519	-	3,038,995
Underground systems	59,634,427	837,917	-	60,472,344
Total accumulated depreciation	<u>69,769,094</u>	<u>1,494,714</u>	<u>-</u>	<u>71,263,808</u>
 Total capital assets being depreciated, net	 <u>31,148,399</u>	 <u>(1,494,714)</u>	 <u>-</u>	 <u>29,653,685</u>
 BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	 <u>\$ 34,272,549</u>	 <u>\$ (1,494,714)</u>	 <u>\$ -</u>	 <u>\$ 32,777,835</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 2012 from the coverage amounts in effect for 2011. 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 2010 through 2012.

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, 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
Claims incurred/adjustments - 2012	5,476,934	340,635	776,344	6,593,913
Claim payment - 2012	(5,464,079)	(399,398)	(847,454)	(6,710,931)
UNPAID CLAIMS LIABILITY - APRIL 30, 2012	\$ 901,952	\$ 257,818	\$ 1,261,072	\$ 2,420,842

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						
\$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	\$ 1,380,000	\$ -	\$ 205,000	\$ 1,175,000	\$ 215,000
\$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	1,885,000	-	305,000	1,580,000	325,000
\$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	18,990,000	-	18,790,000	200,000	100,000

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)						
\$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	\$ 1,710,000	\$ -	\$ 235,000	\$ 1,475,000	\$ 300,000
\$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	16,800,000	-	1,000,000	15,800,000	1,400,000
\$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	6,090,000	-	2,640,000	3,450,000	1,590,000
\$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	7,760,000	-	1,175,000	6,585,000	1,140,000
\$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	1,735,000	-	380,000	1,355,000	410,000
\$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	2,835,000	-	200,000	2,635,000	205,000
\$9,925,000 General Obligation Refunding Bonds, Series 2011, due in annual installments of \$40,000 to \$2,450,000 with interest at 2% to 4%. The last payment is due December 1, 2027.	Debt Service	-	9,925,000	120,000	9,805,000	40,000

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)						
\$9,670,000 General Obligation Refunding Bonds, Series 2012A, due in annual installments of \$85,000 to \$2,145,000 with interest at 2%. The last payment is due December 1, 2023.	Debt Service	\$ -	\$ 9,670,000	\$ -	\$ 9,670,000	\$ 110,000
Total bonds		59,185,000	19,595,000	25,050,000	53,730,000	5,835,000
Unamortized premium		280,582	395,279	57,711	618,150	-
Unamortized loss on refunding		(777,678)	(1,248,595)	(178,409)	(1,847,864)	-
Unamortized discount		(71,673)	-	(55,351)	(16,322)	-
Total debt service fund bonds		58,616,231	18,741,684	24,873,951	52,483,964	5,835,000
Compensated absences	General	2,978,133	382,297	297,813	3,062,617	306,262
Compensated absences	Internal Service	163,909	31,535	24,585	170,859	25,629
Net pension obligation (Police)	General	1,341,800	274,999	-	1,616,799	-
Net pension obligation (IMRF)	General	-	797,032	-	797,032	-
Other postemployment benefits obligation	General	3,110,880	191,950	-	3,302,830	-
Other postemployment benefits obligation	Internal Service	134,605	9,545	-	144,150	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 66,345,558	\$20,429,042	\$25,196,349	\$61,578,251	\$ 6,166,891
BUSINESS-TYPE ACTIVITIES						
Compensated absences	Water and Sewer	\$ 397,625	\$ 71,875	\$ 59,644	\$ 409,856	\$ 61,478
Other postemployment benefits obligation	Water and Sewer	147,522	9,159	-	156,681	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 545,147	\$ 81,034	\$ 59,644	\$ 566,537	\$ 61,478

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
2013	\$ 5,835,000	\$ 1,735,016
2014	6,160,000	1,575,600
2015	6,440,000	1,392,375
2016	5,155,000	1,196,413
2017	3,855,000	1,001,100
2018	3,625,000	863,250
2019	3,655,000	742,525
2020	3,330,000	619,588
2021	2,310,000	509,875
2022	2,465,000	460,075
2023	2,555,000	406,400
2024	2,450,000	333,800
2025	2,520,000	235,800
2026	1,895,000	135,000
2027	1,480,000	59,200
TOTAL	<u>\$ 53,730,000</u>	<u>\$ 11,266,017</u>

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 \$2,615,000 remained outstanding as of April 30, 2012.

On August 1, 2011, the Village issued \$9,925,000 General Obligation Refunding Bonds, Series 2011, to advance refund, through an in-substance defeasance, \$9,315,000 of the Series 2004 General Obligation Bonds, of which \$9,315,000 remained outstanding as of April 30, 2012. Through the refunding, the Village reduced its debt service by \$666,541 and achieved an economic gain of \$480,097.

On February 1, 2012, the Village issued \$9,670,000 General Obligation Refunding Bonds, Series 2012, to advance refund, through an in-substance defeasance, \$9,375,000 of the Series 2004 General Obligation Bonds, of which \$9,375,000 remained outstanding as of April 30, 2012. Through the refunding, the Village reduced its debt service by \$2,048,658 and achieved an economic gain of \$1,868,026.

8. INDIVIDUAL FUND DISCLOSURES

a. Interfund Transactions

Due from/to other funds at April 30, 2012 consist of the following:

Receivable Fund	Payable Fund	Amount
General	Fiduciary - Police Pension	\$ 2,128,962
General	Fiduciary - Firefighters' Pension	<u>2,359,599</u>
TOTAL		<u>\$ 4,488,561</u>

The amounts due from the pension funds to the General Fund represent short-term advances of contributions to be recognized in fiscal 2012.

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

8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 2,869,900
Debt Service	973,700	-
Nonmajor Governmental		
CDBG	-	150,000
TIF I South	-	8,325
TIF II North	8,325	-
TIF III	-	259,200
TIF V	-	294,600
Emerald Ash Borer	2,000,000	-
Internal Service		
General Liability Insurance	300,000	-
Health Insurance	-	1,184,692
Retiree Health	1,184,692	-
Nonmajor Enterprise		
Arts, Entertainment & Events	300,000	-
TOTAL ALL FUNDS	\$ 4,766,717	\$ 4,766,717

The purposes of significant interfund transfers are as follows:

- \$269,900, \$150,000, \$259,200 and \$294,600 transferred from the General, CDBG, TIF III and TIF V Funds, respectively, are for debt service payments.
- \$1,184,692 transferred from the Health Insurance Fund to the Retiree Health Fund to fund retiree medical insurance.
- \$300,000 transferred from General Fund to the Arts, Entertainment & Events Fund to establish the Metropolis Theater Reserve Fund.
- \$300,000 transferred from the General Fund to the General Liability Insurance Fund to fund general liability insurance.
- \$2,000,000 transferred from the General Fund to the Emerald Ash Borer Fund to fund initial costs of the emerald ash borer program.
- \$8,325 transferred from the TIF I South Fund to the TIF II North Fund to fund property tax rebates.

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
2013	\$ 970,292
2014	<u>256,862</u>
TOTAL	<u>\$ 1,227,154</u>

These amounts have been calculated using the Village's current allocation percentage of 35.82%. In future years, this allocation percentage will be subject to change.

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
2013	\$ 648,515
2014	<u>648,588</u>
TOTAL	<u>\$ 1,297,103</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. ECONOMIC DEVELOPMENT

The Village has entered into economic development agreements with companies to provide sales tax rebates. As of April 30, 2012, two agreements have been executed for stores that have opened. The agreements require the Village to rebate to the companies different amounts of additional sales tax generated by the facilities. One agreement requires 33% of sales tax and home-rule sales tax to be rebated in annual installments through December 31, 2016 or \$1,839,310, whichever occurs first. The second agreement requires 33% of sales tax to be rebated in annual installments through April 30, 2015 or \$1,580,000, whichever occurs first. The amount paid/accrued for the fiscal year ended April 30, 2012 was \$245,995. Total expenditures incurred to date in rebates as of April 30, 2012 was \$1,321,822.

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.

11. CONTINGENT LIABILITIES (Continued)

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.

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 NWWC which consists of four municipalities. 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). 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.

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)

The four members of NWWC and their percentage shares as of April 30, 2012 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>

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 NWWC upon the approval of each member.

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 NWWC are appointed by the Board of Commissioners. The Board of Commissioners determines the general policy of NWWC, makes all appropriations, approves contracts for sale or purchase of water, adopts resolutions providing for the issuance of bonds or notes by NWWC, adopts by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in NWWC Agreement or the by-laws.

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

Summary of financial position as of April 30, 2012:

ASSETS	
Current assets	\$ 2,707,272
Restricted assets	11,433,511
Capital assets	31,709,348
Other assets	<u>36,780</u>
Total assets	<u>45,886,911</u>
LIABILITIES	
Current liabilities	3,210,612
Long-term liabilities	<u>2,060,112</u>
Total liabilities	<u>5,270,724</u>
NET ASSETS	
Invested in capital assets, net of related debt	27,454,235
Restricted	9,230,898
Unrestricted	<u>3,931,054</u>
NET ASSETS	<u>\$ 40,616,187</u>

Summary of revenues, expenses and changes in net assets for the year ended
 April 30, 2012:

Total revenues	\$ 10,006,504
Total expenses	<u>6,784,857</u>
Operating income before depreciation	3,221,647
Depreciation	<u>1,752,865</u>
Operating income	1,468,782
Other income (expense)	<u>(120,046)</u>
CHANGE IN NET ASSETS	<u>\$ 1,348,736</u>

Complete financial statements for NWWC can be obtained from NWWC's administrative office at 1525 North Wolf Road, Des Plaines, Illinois, 60016. Financial information as of April 30, 2012 is the most recent available as of the date of this report.

12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Summary Financial Information of Joint Venture (Continued)

NWWC's bonds are revenue obligations. They are limited obligations of 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. 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 NWWC from the ownership and operation of the system and the sale of water.

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

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.

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 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 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 \$3,545,296 to NWWC for 2012. The Village's equity interest in NWWC was \$14,834,382 at April 30, 2012. The Village's net investment and its share of the operating results of NWWC are recorded in the Village's Water and Sewer Fund.

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

12. JOINT VENTURES (Continued)

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

Description of Joint Venture

The Village is a member of 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.

The members of SWANCC and their percentage shares based on formula contained in SWANCC agreement as of April 30, 2012 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, 2011 (most recent audited financial statements):

	ASSETS		LIABILITIES AND NET ASSETS
Current assets	\$ 4,471,458	Current liabilities	\$ 5,164,235
Restricted assets	2,371,951	Long-term liabilities	<u>4,788,844</u>
Capital assets	11,228,739	Total liabilities	9,953,079
Other assets	<u>66,091</u>	Net assets	<u>8,185,160</u>
		TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,138,239</u>
TOTAL ASSETS	<u>\$ 18,138,239</u>		

Summary of revenues, expenses and changes in net assets for the year ended April 30, 2011 (most recent audited financial statements):

Total revenues	\$ 14,222,737
Total expenses	<u>13,893,000</u>
Operating income	329,737
Net nonoperating revenue (expenses)	<u>(242,615)</u>
NET INCOME	<u>\$ 87,122</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, 2011 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 \$1,529,106 to SWANCC for 2012, 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, 2012, 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 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 1,767,035	\$ 204,833	11.6%	\$ 1,562,202
April 30, 2011	846,153	585,079	68.4%	261,074
April 30, 2012	848,391	637,736	75.2%	210,655

The net OPEB obligation as of April 30, 2012 was calculated as follows:

Annual required contribution	\$ 819,305
Interest on net OPEB obligation	152,686
Adjustment to annual required contribution	<u>(123,600)</u>
Annual OPEB cost	848,391
Contributions made	<u>637,736</u>
Increase in net OPEB obligation	210,655
Net OPEB obligation, beginning of year	<u>3,393,007</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 3,603,662</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)	\$ 39,685,602
UAAL as a percentage of covered payroll	34.33%

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, 2012 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 calendar year ended 2011 was 11.94% of covered payroll. The Village's contribution rate for fiscal year 2012 is 13.13% 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, 2011, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	74
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	5
Current employees	
Vested	86
Nonvested	25
	<hr/>
TOTAL	<u>190</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, 2012, the Village's contribution was 11.94% 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, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	92
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	-
Current employees	
Vested	73
Nonvested	32
	<hr/>
TOTAL	<u>197</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 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 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 ½ 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, 2012, the Village's contribution was 25.46% 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, 2010	April 30, 2011	April 30, 2011
Actuarial cost method	Entry-age Normal	Projected Unit Credit	Projected Unit Credit
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	29 Years	29 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	7.00% Compounded Annually	7.00% 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)	2010	\$ 2,698,054	\$ 2,883,591	\$ 3,528,720
	2011	2,542,838	3,691,523	4,175,702
	2012	3,565,249	4,313,030	4,549,364
Actual contributions	2010	\$ 2,698,054	\$ 2,442,000	\$ 3,244,000
	2011	2,542,838	3,378,900	3,948,000
	2012	2,754,797	4,038,031	4,470,608
Percentage of APC contributed	2010	100.00%	84.69%	91.93%
	2011	100.00%	91.53%	94.55%
	2012	77.27%	91.84%	98.27%
NPO (asset)	2010	\$ -	\$ 1,029,177	\$ (1,587,356)
	2011	-	1,341,800	(1,359,654)
	2012	797,032	1,616,799	(1,280,898)

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, 2012 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	\$ 3,551,829	\$ 4,288,185	\$ 4,574,540
Interest on net pension obligation	-	93,926	(95,176)
Adjustment to annual required contribution	-	(69,081)	70,000
Annual pension cost	3,551,829	4,313,030	4,549,364
Contributions made	2,754,797	4,038,031	4,470,608
Increase in net pension obligation	797,032	274,999	78,756
Net pension obligation, beginning of year	-	1,341,800	(1,359,654)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 797,032	\$ 1,616,799	\$ (1,280,898)

e. Funded Status and Funding Progress

The funded status and funding progress of the plans as of April 30, 2012 were as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2011	April 30, 2011	April 30, 2011
Actuarial accrued liability (AAL)	\$ 72,973,641	\$ 114,638,854	\$ 108,856,813
Actuarial value of plan assets	49,241,073	78,078,416	64,457,391
Unfunded actuarial accrued liability (UAAL)	23,732,568	36,560,438	44,399,422
Funded ratio (actuarial value of plan assets/AAL)	67.48%	68.11%	59.21%
Covered payroll (active plan members)	\$ 22,580,121	\$ 9,828,699	\$ 8,989,722
UAAL as a percentage of covered payroll	105.10%	371.98%	493.89%

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, 2012

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 1,538,993	\$ 1,113,550	\$ 2,652,543
Investments			
U.S. Government and agency obligations	42,214,330	15,931,372	58,145,702
Equity securities	11,486,980	8,118,917	19,605,897
Illinois funds	3,987,100	3,278,283	7,265,383
Mutual funds	24,276,346	28,488,912	52,765,258
Corporate bonds	-	11,462,711	11,462,711
Municipal bonds	-	2,362,441	2,362,441
Receivables			
Accrued interest	189,615	327,788	517,403
Other	4,307	5,084	9,391
Total assets	83,697,671	71,089,058	154,786,729
LIABILITIES			
Accounts payable	50	-	50
Due to other funds	2,128,962	2,359,599	4,488,561
Total liabilities	2,129,012	2,359,599	4,488,611
NET ASSETS	\$ 81,568,659	\$ 68,729,459	\$ 150,298,118

b. Schedule of Changes in Net Assets for the year ended April 30, 2012

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 4,038,031	\$ 4,470,608	\$ 8,508,639
Participants	935,415	874,164	1,809,579
Other	273,118	1,701	274,819
Total contributions	5,246,564	5,346,473	10,593,037

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, 2012 (Continued)

	Police Pension	Firefighters' Pension	Total
ADDITIONS (Continued)			
Investment income			
Net appreciation in fair value of investments	\$ 99,350	\$ 651,408	\$ 750,758
Interest income	2,338,342	1,870,477	4,208,819
Subtotal	2,437,692	2,521,885	4,959,577
Less investment expense	(202,832)	(153,547)	(356,379)
Net investment income	2,234,860	2,368,338	4,603,198
Total additions	7,481,424	7,714,811	15,196,235
DEDUCTIONS			
Administrative	64,086	35,282	99,368
Pension benefits and refunds	4,185,829	4,899,304	9,085,133
Total deductions	4,249,915	4,934,586	9,184,501
NET INCREASE	3,231,509	2,780,225	6,011,734
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	78,337,150	65,949,234	144,286,384
April 30	\$ 81,568,659	\$ 68,729,459	\$ 150,298,118

16. NET ASSETS

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, 2012 - \$375,000.

17. 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.

17. 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.

17. 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.

17. 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 nonspendable fund balance for amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has not been delegated by the Fund Balance Policy. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund are reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Library considers committed funds to be expended first followed by assigned funds and then unassigned funds.

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

a. Summary of Significant Accounting Policies (Continued)

8. Fund Balances/Net Assets (Continued)

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Library's restricted net assets resulted from enabling legislation adopted by the Library. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was 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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Taxes				
Property taxes	\$ 19,048,500	\$ 19,048,500	\$ 19,011,589	\$ 17,848,954
Other taxes	27,466,000	27,466,000	29,682,182	27,468,753
Licenses and permits	3,603,500	3,603,500	3,618,724	3,373,772
Intergovernmental	6,087,000	6,087,000	6,135,155	5,998,989
Grants	164,400	236,083	261,065	372,196
Charges for services	2,037,700	2,037,700	2,030,165	2,021,291
Fines and fees	4,309,200	4,309,200	4,541,895	4,449,754
Investment income	150,000	150,000	87,787	120,768
Rents and reimbursables	418,200	418,200	431,382	406,325
Miscellaneous	281,500	281,500	363,774	282,646
Total revenues	63,566,000	63,637,683	66,163,718	62,343,448
EXPENDITURES				
Current				
General government	6,679,300	6,505,590	5,890,843	5,771,441
Public safety	40,520,700	40,742,491	40,356,464	38,545,139
Highways and streets	8,734,800	8,869,837	7,826,633	8,308,438
Community development	4,862,200	4,904,127	4,734,196	4,815,709
Health and welfare	1,999,100	1,999,100	1,853,564	1,880,681
Total expenditures	62,796,100	63,021,145	60,661,700	59,321,408
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	769,900	616,538	5,502,018	3,022,040
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	60,186
Transfers (out)	(769,900)	(3,069,900)	(2,869,900)	(290,700)
Total other financing sources (uses)	(769,900)	(3,069,900)	(2,869,900)	(230,514)
NET CHANGE IN FUND BALANCE	\$ -	\$ (2,453,362)	2,632,118	2,791,526
FUND BALANCE, MAY 1			20,411,489	17,619,963
FUND BALANCE, APRIL 30			\$ 23,043,607	\$ 20,411,489

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2012

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)
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%
2011	49,241,073	72,973,641	67.48%	23,732,568	22,580,121	105.10%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2012

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)
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%
2011	78,078,416	114,638,854	68.11%	36,560,438	9,828,699	371.98%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2012

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)
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%
2011	64,457,391	108,856,813	59.21%	44,399,422	8,989,722	493.89%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF FUNDING PROGRESS

April 30, 2012

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	34.33%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	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, 2012

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	-	1,564,397	0.00%	1,564,397	4,556,987	34.33%
2011	-	N/A	N/A	N/A	N/A	N/A
2012	-	N/A	N/A	N/A	N/A	N/A

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, 2012

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2012	2,754,797	3,551,829	77.56%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2012

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2012	4,038,031	4,288,185	94.17%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2012

Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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	4,175,702	94.55%
2012	4,470,608	4,574,540	97.73%

(See independent auditor's report.)

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

April 30, 2012

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%
2012	637,736	848,391	75.17%

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, 2012

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%
2012	73,299	94,079	77.91%

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, 2012

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
Fiduciary Police Pension	\$ 84,647
Governmental TIF II	8,325

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, 2012
(With Actual at April 30, 2011)

	2012	2011
ASSETS		
Cash and investments	\$ 21,966,104	\$ 19,540,182
Receivables (net, where applicable, of allowances for uncollectibles)		
Property taxes	9,718,490	10,235,317
Other taxes	7,679,751	6,444,352
Accrued interest	16,885	17,402
Other	1,077,749	1,135,592
Prepaid items	43,169	135,822
Due from other funds	-	149,000
Due from fiduciary funds	4,488,561	3,700,215
Inventory	78,322	68,183
TOTAL ASSETS	\$ 45,069,031	\$ 41,426,065
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 794,115	\$ 1,034,892
Accrued payroll	566,098	472,198
Payroll taxes payable	291,208	225,488
Deferred property taxes	20,322,580	19,268,500
Deferred revenue	51,423	13,498
Total liabilities	22,025,424	21,014,576
FUND BALANCES		
Nonspendable		
Prepaid items	43,169	135,822
Inventory	78,322	68,183
Unrestricted		
Assigned		
Wellness programs	49,443	59,439
Disabled citizens programs	13,965	13,358
Emergency assistance programs	78,291	76,861
Senior center maintenance	459,000	476,000
Unassigned	22,321,417	19,581,826
Total fund balances	23,043,607	20,411,489
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,069,031	\$ 41,426,065

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
TAXES				
Property taxes	\$ 19,048,500	\$ 19,048,500	\$ 19,011,589	\$ 17,848,954
Other taxes				
Municipal sales tax	9,736,000	9,736,000	10,519,988	10,369,871
Hotel tax	900,000	900,000	885,190	814,905
State use tax	900,000	900,000	1,101,284	1,103,427
Replacement tax	370,000	370,000	410,962	455,733
Food/beverage tax	1,665,000	1,665,000	1,750,023	1,674,096
Sales tax - home rule	4,833,000	4,833,000	5,172,893	4,930,632
Telecommunications tax	3,810,000	3,810,000	4,269,272	3,772,498
Natural gas utility tax	1,672,000	1,672,000	1,904,929	1,599,092
Electric utility tax	3,318,000	3,318,000	3,361,022	2,452,227
Other taxes	262,000	262,000	306,619	296,272
	<u>27,466,000</u>	<u>27,466,000</u>	<u>29,682,182</u>	<u>27,468,753</u>
Total taxes	<u>46,514,500</u>	<u>46,514,500</u>	<u>48,693,771</u>	<u>45,317,707</u>
LICENSES AND PERMITS				
Vehicle licenses	1,300,000	1,300,000	1,317,857	1,269,572
Business licenses	710,000	710,000	708,949	657,521
Dog licenses	68,000	68,000	67,636	66,426
Liquor licenses	450,000	450,000	434,896	404,529
Public chauffeur licenses	5,000	5,000	4,270	4,765
Multi-dwelling licenses	74,000	74,000	72,765	68,139
Building permits	700,000	700,000	724,542	661,532
Electrical permits	90,000	90,000	97,789	74,211
Plumbing permits	75,000	75,000	72,360	62,931
Sign permits	8,000	8,000	19,760	8,400
Elevator permits	55,000	55,000	50,720	43,695
Occupancy permits	30,000	30,000	22,070	19,880
Driveway permits	8,000	8,000	2,123	2,100
Air conditioner permits	8,000	8,000	10,557	15,340
Swimming pool permits	1,500	1,500	1,625	2,397
Chimney permits	2,000	2,000	3,176	2,950
Foundation only permits	-	-	-	38
After the Fact Permit	-	-	130	-
Wrecking and other permits	19,000	19,000	7,499	9,346
	<u>3,603,500</u>	<u>3,603,500</u>	<u>3,618,724</u>	<u>3,373,772</u>
INTERGOVERNMENTAL				
Shared income tax	6,087,000	6,087,000	6,135,155	5,998,989
	<u>6,087,000</u>	<u>6,087,000</u>	<u>6,135,155</u>	<u>5,998,989</u>
GRANTS				
Counselor in the park	23,000	23,000	23,000	23,000
MRC capacity building award	5,000	5,000	-	-
Fire grants	-	-	-	46,575
EEC block grant	71,400	71,400	-	3,403
Too Good for Drugs contributions	-	-	-	1,250
Training reimbursement	10,000	19,452	18,528	22,814
Task force reimbursement	-	-	27,611	33,627
Other grants	55,000	117,231	191,926	241,527
	<u>164,400</u>	<u>236,083</u>	<u>261,065</u>	<u>372,196</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, 2012
(With Actual for 2011)

	2012			2011
	Original Budget	Final Budget	Actual	Actual
CHARGES FOR SERVICES				
Escrow deposits	\$ 6,000	\$ 6,000	\$ 3,606	\$ 5,126
Guaranteed bonds	8,000	8,000	2,859	5,765
Parking	329,200	329,200	329,200	329,200
Water	1,329,500	1,329,500	1,329,500	1,266,200
TIF	115,000	115,000	115,000	115,000
SWANCC	250,000	250,000	250,000	300,000
	<u>2,037,700</u>	<u>2,037,700</u>	<u>2,030,165</u>	<u>2,021,291</u>
FINES AND FEES				
Traffic court fines	270,000	270,000	249,259	251,187
Untagged dog fines	500	500	25.00	-
Parking fines	275,000	275,000	336,420	329,704
Compliance ticket fines	25,000	25,000	26,903	30,535
Ordinance ticket fines	60,000	60,000	95,340	65,928
Crime prevention fines	100	100	-	-
Other fines	15,000	15,000	17,707	16,674
Plan commission hearings	15,000	15,000	30,720	16,700
Reinspection fees	1,000	1,000	664	1,694
Rezoning fees	5,000	5,000	6,150	8,540
Plan exam fees	50,000	50,000	55,095	64,884
Fire plan examination fees	38,000	38,000	51,813	31,651
Engineering service fees	100,000	100,000	68,096	114,508
Ambulance service fees	1,675,000	1,675,000	1,613,577	1,674,380
Special police detail	190,000	190,000	245,136	229,861
Police counselor fees	270,000	270,000	300,744	301,978
Police records fees	10,000	10,000	11,179	11,121
Special fire detail	25,000	25,000	26,945	28,111
Chemical user fees	5,000	5,000	10,830	11,118
Weed cutting fees	17,000	17,000	8,447	29,244
Lien recording fees	500	500	100	105
Animal detention fees	1,000	1,000	770	825
Cable franchise fees	1,050,000	1,050,000	1,184,954	1,024,153
False alarm fees	75,000	75,000	67,315	66,650
Photocopy fees	1,100	1,100	651	2,148
DUI administration charges	110,000	110,000	97,800	107,000
Other fees	25,000	25,000	35,255	31,055
	<u>4,309,200</u>	<u>4,309,200</u>	<u>4,541,895</u>	<u>4,449,754</u>
INVESTMENT INCOME	<u>150,000</u>	<u>150,000</u>	<u>87,787</u>	<u>120,766</u>
RENTS AND REIMBURSABLES				
Sale - plans/specs	1,000	1,000	3,605	825
Sale - printed materials	100	100	77	44
Sale - scrap	2,000	2,000	2,111	1,700
Sale - signs	100	100	-	-
Damage claims	43,100	43,100	28,728	35,287
NWCDS building rent	269,900	269,900	269,863	264,229
Rents/concessions	70,000	70,000	87,370	71,471
Train station rents	20,000	20,000	27,252	21,362
Traffic signal control maintenance	12,000	12,000	12,376	11,407
	<u>418,200</u>	<u>418,200</u>	<u>431,382</u>	<u>406,325</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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
MISCELLANEOUS				
Teen center receipts	\$ -	\$ -	\$ -	\$ 883
Senior center receipts	2,000	2,000	2,194	1,778
Wellness program	44,000	44,000	31,924	40,433
Disabled citizen donations	100	100	608	1,206
Arlington Heights Emergency Assistance	10,000	10,000	16,361	22,330
NWCH in lieu of property taxes	160,400	160,400	160,341	152,706
Bad debt recovery	5,000	5,000	8,558	7,965
ComEd rebate	-	-	13,683	-
Other income	60,000	60,000	130,105	55,345
	<u>281,500</u>	<u>281,500</u>	<u>363,774</u>	<u>282,646</u>
TOTAL REVENUES	\$ 63,566,000	\$ 63,637,683	\$ 66,163,718	\$ 62,343,446

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended April 30, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Board of Trustees	\$ 171,900	\$ 174,400	\$ 152,913	\$ 153,254
Village Manager	868,400	871,400	857,280	841,454
Human resources	375,500	397,850	398,779	366,698
Legal	718,700	718,700	701,516	675,434
Finance	1,457,700	1,457,700	1,440,627	1,317,697
Village Clerk	-	-	-	192,847
Boards and commissions	159,900	161,698	128,875	150,424
Municipal buildings and grounds	1,978,100	1,986,367	1,964,858	1,793,836
Other	949,100	737,475	245,995	279,797
	<u>6,679,300</u>	<u>6,505,590</u>	<u>5,890,843</u>	<u>5,771,441</u>
PUBLIC SAFETY				
Police	21,915,800	21,976,964	21,621,175	20,829,424
Fire	18,604,900	18,765,527	18,735,289	17,715,715
	<u>40,520,700</u>	<u>40,742,491</u>	<u>40,356,464</u>	<u>38,545,139</u>
HIGHWAYS AND STREETS				
Public works	8,734,800	8,869,837	7,826,633	8,308,438
COMMUNITY DEVELOPMENT				
Planning and community development	1,345,600	1,387,527	1,322,209	1,263,071
Building	1,968,000	1,968,000	1,931,522	2,082,181
Engineering	1,548,600	1,548,600	1,480,465	1,470,457
	<u>4,862,200</u>	<u>4,904,127</u>	<u>4,734,196</u>	<u>4,815,709</u>
HEALTH AND WELFARE				
Senior services	446,900	446,900	412,416	410,003
Health services	1,552,200	1,552,200	1,441,148	1,470,678
	<u>1,999,100</u>	<u>1,999,100</u>	<u>1,853,564</u>	<u>1,880,681</u>
TOTAL EXPENDITURES	<u>\$ 62,796,100</u>	<u>\$ 63,021,145</u>	<u>\$ 60,661,700</u>	<u>\$ 59,321,408</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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Board of Trustees				
Salaries	\$ 30,900	\$ 30,900	\$ 22,400	\$ 22,400
Fringe benefits	6,200	6,200	3,886	3,698
Contractual services	133,100	135,600	125,452	125,644
Commodities	1,700	1,700	1,175	1,512
	<u>171,900</u>	<u>174,400</u>	<u>152,913</u>	<u>153,254</u>
Village Manager				
Salaries	589,300	589,300	591,933	577,127
Fringe benefits	205,600	205,600	205,389	199,415
Contractual services	64,500	67,500	51,563	56,424
Commodities	9,000	9,000	8,395	8,488
	<u>868,400</u>	<u>871,400</u>	<u>857,280</u>	<u>841,454</u>
Human Resources				
Salaries	162,500	166,500	170,989	165,739
Fringe benefits	138,600	138,600	140,285	135,515
Contractual services	54,400	72,750	68,120	49,625
Commodities	2,500	2,500	2,280	1,883
Other charges	17,500	17,500	17,105	13,936
	<u>375,500</u>	<u>397,850</u>	<u>398,779</u>	<u>366,698</u>
Legal				
Salaries	274,000	282,100	288,096	271,659
Fringe benefits	89,400	91,100	91,839	85,437
Contractual services	291,500	281,700	266,136	273,624
Commodities	10,300	10,300	11,449	11,577
Other charges	53,500	53,500	43,996	33,137
	<u>718,700</u>	<u>718,700</u>	<u>701,516</u>	<u>675,434</u>
Finance				
Salaries	838,000	838,000	828,343	755,749
Fringe benefits	286,900	286,900	283,637	243,753
Contractual services	305,200	304,700	304,092	297,784
Commodities	27,600	28,100	24,555	20,411
	<u>1,457,700</u>	<u>1,457,700</u>	<u>1,440,627</u>	<u>1,317,697</u>
Village Clerk				
Salaries	-	-	-	122,831
Fringe benefits	-	-	-	57,745
Contractual services	-	-	-	11,265
Commodities	-	-	-	1,006
	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,847</u>
Boards and Commissions				
Salaries	10,100	10,100	4,461	7,083
Fringe benefits	1,300	1,300	340	542
Contractual services	102,200	102,200	83,437	111,431

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT (Continued)				
Boards and Commissions (Continued)				
Commodities	\$ 5,500	\$ 5,500	\$ 1,383	\$ 362
Other charges	40,800	42,598	39,254	31,006
	<u>159,900</u>	<u>161,698</u>	<u>128,875</u>	<u>150,424</u>
Municipal Buildings and Grounds				
Salaries	551,000	551,000	505,136	508,395
Fringe benefits	238,500	238,500	227,875	211,507
Contractual services	971,800	974,067	1,032,531	905,225
Commodities	216,800	222,800	199,316	168,709
	<u>1,978,100</u>	<u>1,986,367</u>	<u>1,964,858</u>	<u>1,793,836</u>
Other				
Contingency	674,100	462,475	-	-
Other charges	275,000	275,000	245,995	279,797
	<u>949,100</u>	<u>737,475</u>	<u>245,995</u>	<u>279,797</u>
Total general government	<u>6,679,300</u>	<u>6,505,590</u>	<u>5,890,843</u>	<u>5,771,441</u>
PUBLIC SAFETY				
Police				
Salaries	12,489,700	12,515,200	12,166,889	12,095,595
Fringe benefits	6,893,200	6,893,500	6,874,671	6,222,150
Contractual services	1,954,500	1,977,466	2,007,165	1,954,697
Commodities	482,200	494,598	476,149	465,066
Police grants				
Salaries	75,100	75,100	75,133	72,372
Fringe benefits	21,100	21,100	21,168	19,544
	<u>21,915,800</u>	<u>21,976,964</u>	<u>21,621,175</u>	<u>20,829,424</u>
Fire				
Salaries	10,101,700	10,221,500	10,240,077	9,904,213
Fringe benefits	6,804,400	6,805,700	6,829,983	6,255,810
Contractual services	1,329,000	1,339,000	1,333,470	1,291,604
Commodities	369,800	399,327	331,759	264,088
	<u>18,604,900</u>	<u>18,765,527</u>	<u>18,735,289</u>	<u>17,715,715</u>
Total public safety	<u>40,520,700</u>	<u>40,742,491</u>	<u>40,356,464</u>	<u>38,545,139</u>
HIGHWAYS AND STREETS				
Public Works				
Salaries	3,144,800	3,144,800	2,905,264	3,175,075
Fringe benefits	1,447,700	1,447,700	1,388,813	1,446,086
Contractual services	3,083,400	3,161,013	2,645,945	2,707,624
Commodities	1,058,900	1,116,324	886,611	979,653
	<u>8,734,800</u>	<u>8,869,837</u>	<u>7,826,633</u>	<u>8,308,438</u>

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
COMMUNITY DEVELOPMENT				
Planning and Community Development				
Salaries	\$ 812,100	\$ 822,775	\$ 831,547	\$ 802,863
Fringe benefits	310,200	310,200	308,591	293,493
Contractual services	98,000	114,000	92,697	95,148
Commodities	15,200	15,200	12,630	7,982
Other charges	110,100	125,352	76,744	63,585
	<u>1,345,600</u>	<u>1,387,527</u>	<u>1,322,209</u>	<u>1,263,071</u>
Building				
Salaries	1,254,400	1,254,400	1,260,008	1,354,394
Fringe benefits	477,800	477,800	473,529	487,835
Contractual services	214,000	214,000	177,131	217,257
Commodities	21,800	21,800	20,854	22,695
	<u>1,968,000</u>	<u>1,968,000</u>	<u>1,931,522</u>	<u>2,082,181</u>
Engineering				
Salaries	949,800	949,800	930,094	929,588
Fringe benefits	371,900	371,900	363,647	347,689
Contractual services	203,700	203,700	165,732	176,335
Commodities	23,200	23,200	20,992	16,845
	<u>1,548,600</u>	<u>1,548,600</u>	<u>1,480,465</u>	<u>1,470,457</u>
Total community development	<u>4,862,200</u>	<u>4,904,127</u>	<u>4,734,196</u>	<u>4,815,709</u>
HEALTH AND WELFARE				
Senior Services				
Salaries	268,000	268,000	252,565	250,940
Fringe benefits	67,900	67,900	64,126	60,382
Contractual services	92,400	92,400	77,792	84,796
Commodities	13,600	13,600	13,360	13,885
Other charges	5,000	5,000	4,573	-
	<u>446,900</u>	<u>446,900</u>	<u>412,416</u>	<u>410,003</u>
Health Services				
Salaries	877,800	877,800	838,473	856,554
Fringe benefits	344,800	344,800	333,133	325,976
Contractual services	180,700	180,700	140,480	161,051
Commodities	55,800	55,800	47,003	50,155
Other charges	93,100	93,100	82,059	76,942
	<u>1,552,200</u>	<u>1,552,200</u>	<u>1,441,148</u>	<u>1,470,678</u>
Total health and welfare	<u>1,999,100</u>	<u>1,999,100</u>	<u>1,853,564</u>	<u>1,880,681</u>
TOTAL EXPENDITURES	<u>\$ 62,796,100</u>	<u>\$ 63,021,145</u>	<u>\$ 60,661,700</u>	<u>\$ 59,321,408</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 7,583,900	\$ 7,583,900	\$ 7,549,493	\$ 7,087,474
Investment income	40,000	40,000	22,041	34,768
Total revenues	<u>7,623,900</u>	<u>7,623,900</u>	<u>7,571,534</u>	<u>7,122,242</u>
EXPENDITURES				
Debt service				
Principal retirement	6,240,000	6,360,000	6,360,000	5,570,000
Interest and fiscal charges	2,321,400	2,200,297	2,199,945	2,580,096
Issuance costs	-	148,345	147,895	36,426
Total expenditures	<u>8,561,400</u>	<u>8,708,642</u>	<u>8,707,840</u>	<u>8,186,522</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(937,500)</u>	<u>(1,084,742)</u>	<u>(1,136,306)</u>	<u>(1,064,280)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	19,595,000	19,595,000	2,855,001
Premium on bonds issued	-	395,279	395,279	34,909
Payment to escrow agent	-	(19,810,106)	(19,810,106)	(2,849,266)
Transfers in	973,700	973,700	973,700	978,100
Total other financing sources (uses)	<u>973,700</u>	<u>1,153,873</u>	<u>1,153,873</u>	<u>1,018,744</u>
NET CHANGE IN FUND BALANCE	<u>\$ 36,200</u>	<u>\$ 69,131</u>	17,567	(45,536)
FUND BALANCE, MAY 1			<u>1,744,307</u>	<u>1,789,843</u>
FUND BALANCE, APRIL 30			<u>\$ 1,761,874</u>	<u>\$ 1,744,307</u>

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 4,109,100	\$ 4,109,100	\$ 4,212,835	\$ 4,023,335
Grants	1,196,500	1,196,500	239,919	297,531
Investment income	40,000	40,000	31,448	57,766
Miscellaneous				
Other	32,000	32,000	49,709	211,945
Total revenues	5,377,600	5,377,600	4,533,911	4,590,577
EXPENDITURES				
Capital outlay				
Contractual services	386,900	423,974	25,668	42,161
Equipment	406,200	456,278	359,831	443,749
Construction	6,543,500	6,893,802	4,019,436	3,866,762
Total expenditures	7,336,600	7,774,054	4,404,935	4,352,672
NET CHANGE IN FUND BALANCE	\$ (1,959,000)	\$ (2,396,454)	128,976	237,905
FUND BALANCE, MAY 1			6,399,997	6,162,092
FUND BALANCE, APRIL 30			\$ 6,528,973	\$ 6,399,997

(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 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.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

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.

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.

Emerald Ash Borer - to account for the costs of treating, removal and replacement of all diseased parkway Ash trees in the Village affected by this insect invasion. The Village owns approximately 13,000 Ash trees.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

April 30, 2012

	Special Revenue Funds			
	Motor Fuel Tax	Community Development Block Grant	Fire Academy	Foreign Fire Insurance
ASSETS				
Cash and investments	\$ 1,122,812	\$ 31,208	\$ 170,644	\$ 347,967
Receivables				
Property taxes	-	-	-	-
Other taxes	145,800	-	-	-
Accrued interest	-	-	343	1,069
CDBG rehabilitation loans	-	2,342,465	-	-
Grants	-	9,247	-	-
TOTAL ASSETS	\$ 1,268,612	\$ 2,382,920	\$ 170,987	\$ 349,036
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 31,288	\$ 34,605	\$ 3,094	\$ 13,987
Accrued payroll	-	139	1,037	-
Due to other governments	-	-	-	-
Deferred property taxes	-	-	-	-
Deferred grant revenue	-	2,348,176	-	-
Total liabilities	31,288	2,382,920	4,131	13,987
FUND BALANCES				
Restricted				
Public safety	-	-	166,856	335,049
Highways and streets	1,237,324	-	-	-
Community development	-	-	-	-
Unrestricted				
Assigned				
Public parking	-	-	-	-
Public building	-	-	-	-
Emerald ash borer	-	-	-	-
Total fund balances	1,237,324	-	166,856	335,049
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,268,612	\$ 2,382,920	\$ 170,987	\$ 349,036

Special Revenue Funds						
Criminal Investigations	Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V
\$ 2,037,848	\$ 4,550,631	\$ 566,127	\$ 8,325	\$ 1,203,504	\$ 985,519	\$ 2,278,158
-	-	-	-	119,224	303,498	260,445
-	-	-	-	-	-	-
15	8,002	8,745	-	1,741	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,037,863</u>	<u>\$ 4,558,633</u>	<u>\$ 574,872</u>	<u>\$ 8,325</u>	<u>\$ 1,324,469</u>	<u>\$ 1,289,017</u>	<u>\$ 2,538,603</u>
\$ 2,635	\$ 52,474	\$ 33,437	\$ -	\$ -	\$ 915	\$ 2,500
-	8,926	-	-	-	-	-
-	-	276,650	8,325	-	-	-
-	-	-	-	264,900	651,000	578,701
<u>1,877,185</u>	<u>35,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,879,820</u>	<u>96,630</u>	<u>310,087</u>	<u>8,325</u>	<u>264,900</u>	<u>651,915</u>	<u>581,201</u>
158,043	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	264,785	-	1,059,569	637,102	1,957,402
-	4,462,003	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>158,043</u>	<u>4,462,003</u>	<u>264,785</u>	<u>-</u>	<u>1,059,569</u>	<u>637,102</u>	<u>1,957,402</u>
<u>\$ 2,037,863</u>	<u>\$ 4,558,633</u>	<u>\$ 574,872</u>	<u>\$ 8,325</u>	<u>\$ 1,324,469</u>	<u>\$ 1,289,017</u>	<u>\$ 2,538,603</u>

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (Continued)

April 30, 2012

	Capital Projects			
	Flood Control Phase V	Public Building	Emerald Ash Borer	Total
ASSETS				
Cash and investments	\$ 2,241,786	\$ 1,773,961	\$ 1,997,954	\$ 19,316,444
Receivables				
Property taxes	-	-	-	683,167
Other taxes	-	-	-	145,800
Accrued interest	-	3,590	-	23,505
CDBG rehabilitation loans	-	-	-	2,342,465
Grants	-	-	-	9,247
TOTAL ASSETS	\$ 2,241,786	\$ 1,777,551	\$ 1,997,954	\$ 22,520,628
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 85,208	\$ 40,074	\$ 4,202	\$ 304,419
Accrued payroll	-	-	1,287	11,389
Due from other governments	-	-	-	284,975
Deferred property taxes	-	-	-	1,494,601
Deferred grant revenue	-	-	-	4,260,591
Total liabilities	85,208	40,074	5,489	6,355,975
FUND BALANCES				
Restricted				
Public safety	-	-	-	659,948
Highways and streets	-	-	-	1,237,324
Community development	2,156,578	-	-	6,075,436
Unrestricted				
Assigned				
Public parking	-	-	-	4,462,003
Buildings	-	1,737,477	-	1,737,477
Emerald ash borer	-	-	1,992,465	1,992,465
Total fund balances	2,156,578	1,737,477	1,992,465	16,164,653
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,241,786	\$ 1,777,551	\$ 1,997,954	\$ 22,520,628

(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, 2012

	Special Revenue			
	Motor Fuel Tax	Community Development Block Grant	Fire Academy	Foreign Fire Insurance
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Grants	1,861,270	-	-	123,597
Fines and fees	334,139	338,235	-	-
Investment income	-	-	19,375	-
Miscellaneous	318	-	940	1,601
	-	24,009	422	-
Total revenues	2,195,727	362,244	20,737	125,198
EXPENDITURES				
Current				
Public safety	-	-	97,031	119,093
Highways and streets	32,414	-	-	-
Community development	-	212,244	-	-
Health and welfare	-	-	-	-
Capital outlay	1,994,090	-	-	-
Total expenditures	2,026,504	212,244	97,031	119,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	169,223	150,000	(76,294)	6,105
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	(150,000)	-	-
Total other financing sources (uses)	-	(150,000)	-	-
NET CHANGE IN FUND BALANCES	169,223	-	(76,294)	6,105
FUND BALANCE, MAY 1	1,068,101	-	243,150	328,944
FUND BALANCE, APRIL 30	\$ 1,237,324	\$ -	\$ 166,856	\$ 335,049

Special Revenue						
Criminal Investigations	Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V
\$ -	\$ -	\$ -	\$ -	\$ 264,865	\$ 637,855	\$ 496,833
177,512	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,034,422	-	-	-	-	-
9,113	22,502	3,275	-	5,690	2,038	10,212
1,621	-	-	-	450	52,587	-
188,246	1,056,924	3,275	-	271,005	692,480	507,045
112,054	-	-	-	-	-	-
-	1,106,543	276,650	8,325	-	-	-
-	-	-	-	15,000	59,666	52,700
-	-	-	-	-	-	-
-	88,610	69,157	-	-	-	4,541
112,054	1,195,153	345,807	8,325	15,000	59,666	57,241
76,192	(138,229)	(342,532)	(8,325)	256,005	632,814	449,804
-	-	-	8,325	-	-	-
-	-	(8,325)	-	(259,200)	-	(294,600)
-	-	(8,325)	8,325	(259,200)	-	(294,600)
76,192	(138,229)	(350,857)	-	(3,195)	632,814	155,204
81,851	4,600,232	615,642	-	1,062,764	4,288	1,802,198
\$ 158,043	\$ 4,462,003	\$ 264,785	\$ -	\$ 1,059,569	\$ 637,102	\$ 1,957,402

(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, 2012

	Capital Projects			Total
	Flood Control Phase V	Public Building	Emerald Ash Borer	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 1,399,553
Intergovernmental	-	-	-	2,162,379
Grants	-	-	-	672,374
Fines and fees	-	-	-	1,053,797
Investment income	11,920	9,105	-	76,714
Miscellaneous	-	157,090	-	236,179
Total revenues	11,920	166,195	-	5,600,996
EXPENDITURES				
Current				
Public safety	-	-	-	328,178
Highways and streets	-	-	-	1,423,932
Community development	-	-	-	339,610
Health and welfare	-	-	7,535	7,535
Capital outlay	356,599	135,611	-	2,648,608
Total expenditures	356,599	135,611	7,535	4,747,863
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(344,679)	30,584	(7,535)	853,133
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,000,000	2,008,325
Transfers (out)	-	-	-	(712,125)
Total other financing sources (uses)	-	-	2,000,000	1,296,200
NET CHANGE IN FUND BALANCES	(344,679)	30,584	1,992,465	2,149,333
FUND BALANCE, MAY 1	2,501,257	1,706,893	-	14,015,320
FUND BALANCE, APRIL 30	\$ 2,156,578	\$ 1,737,477	\$ 1,992,465	\$ 16,164,653

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental				
Motor fuel tax revenues	\$ 1,947,000	\$ 1,947,000	\$ 1,861,270	\$ 1,946,520
State grant	-	-	334,139	519,139
Investment income	1,000	1,000	318	526
Total revenues	<u>1,948,000</u>	<u>1,948,000</u>	<u>2,195,727</u>	<u>2,466,185</u>
EXPENDITURES				
Current				
Highways and streets				
Contractual services	45,000	45,000	32,414	27,674
Capital outlay	2,401,100	2,403,100	1,994,090	2,160,765
Total expenditures	<u>2,446,100</u>	<u>2,448,100</u>	<u>2,026,504</u>	<u>2,188,439</u>
NET CHANGE IN FUND BALANCE	<u>\$ (498,100)</u>	<u>\$ (500,100)</u>	169,223	277,746
FUND BALANCE, MAY 1			<u>1,068,101</u>	<u>790,355</u>
FUND BALANCE, APRIL 30			<u>\$ 1,237,324</u>	<u>\$ 1,068,101</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental				
Federal grants	\$ 366,188	\$ 404,646	\$ 338,235	\$ 339,356
Miscellaneous				
Program income	50,000	50,000	24,009	13,505
Total revenues	416,188	454,646	362,244	352,861
EXPENDITURES				
Current				
Community development				
Planning and community development				
Salaries	69,100	58,425	53,227	64,600
CDBG program				
Other charges	197,088	246,221	159,017	138,261
Total expenditures	266,188	304,646	212,244	202,861
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	150,000	150,000	150,000	150,000
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(150,000)	(150,000)	(150,000)	(150,000)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	-
FUND BALANCE, MAY 1			-	-
FUND BALANCE, APRIL 30			\$ -	\$ -

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 39
Total revenues	-	-	-	39
EXPENDITURES				
Current				
Community development				
Planning and community development				
None	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	39
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	-	(10,186)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	(10,147)
FUND BALANCE, MAY 1			-	10,147
FUND BALANCE, APRIL 30			<u>\$ -</u>	<u>\$ -</u>

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and fees				
Fire academy tuition	\$ 187,000	\$ 187,000	\$ 19,375	\$ 72,850
Investment income	1,000	1,000	940	2,220
Miscellaneous	-	-	422	678
Total revenues	188,000	188,000	20,737	75,748
EXPENDITURES				
Current				
Public safety				
Fire academy				
Salaries	60,300	60,300	10,937	25,668
Contractual services	87,600	137,034	79,331	49,456
Commodities	37,800	39,552	6,763	17,478
Total expenditures	185,700	236,886	97,031	92,602
NET CHANGE IN FUND BALANCE	\$ 2,300	\$ (48,886)	(76,294)	(16,854)
FUND BALANCE, MAY 1			243,150	260,004
FUND BALANCE, APRIL 30			\$ 166,856	\$ 243,150

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental				
Foreign fire insurance tax	\$ 117,000	\$ 117,000	\$ 123,597	\$ 117,835
Investment income	4,000	4,000	1,601	2,912
Miscellaneous income	-	-	-	33
	<hr/>			
Total revenues	121,000	121,000	125,198	120,780
EXPENDITURES				
Current				
Public safety	135,000	165,000	119,093	115,888
	<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (14,000)</u>	<u>\$ (44,000)</u>	6,105	4,892
FUND BALANCE, MAY 1			<hr/> 328,944	<hr/> 324,052
FUND BALANCE, APRIL 30			<u>\$ 335,049</u>	<u>\$ 328,944</u>

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental	\$ 16,676	\$ 16,676	\$ 177,512	\$ 218,476
Investment income	-	-	9,113	8,369
Miscellaneous income	-	-	1,621	-
Total revenues	16,676	16,676	188,246	226,845
EXPENDITURES				
Current				
Public safety	149,000	171,257	112,054	203,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(132,324)	(154,581)	76,192	23,627
NET CHANGE IN FUND BALANCE	<u>\$ (132,324)</u>	<u>\$ (154,581)</u>	76,192	23,627
FUND BALANCE, MAY 1			81,851	58,224
FUND BALANCE, APRIL 30			<u>\$ 158,043</u>	<u>\$ 81,851</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Fines and fees	\$ 1,021,200	\$ 1,021,200	\$ 1,034,422	\$ 1,007,722
Investment income	40,000	40,000	22,502	40,367
Total revenues	1,061,200	1,061,200	1,056,924	1,048,089
EXPENDITURES				
Current				
Highways and streets				
Salaries	441,300	441,300	445,408	427,614
Contractual services	274,000	281,792	270,487	304,271
Commodities	69,300	69,639	61,448	60,378
Other charges	329,200	329,200	329,200	329,200
Capital outlay	95,000	103,800	88,610	25,000
Total expenditures	1,208,800	1,225,731	1,195,153	1,146,463
NET CHANGE IN FUND BALANCE	<u>\$ (147,600)</u>	<u>\$ (164,531)</u>	(138,229)	(98,374)
FUND BALANCE, MAY 1			4,600,232	4,698,606
FUND BALANCE, APRIL 30			<u>\$ 4,462,003</u>	<u>\$ 4,600,232</u>

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ -	\$ -	\$ 3,275	\$ 2,026
Total revenues	-	-	3,275	2,026
EXPENDITURES				
Current				
Other charges	-	-	276,650	-
Capital outlay	656,508	656,508	69,157	41,101
Total expenditures	656,508	656,508	345,807	41,101
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(656,508)	(656,508)	(342,532)	(39,075)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	654,717
Transfers (out)	-	-	(8,325)	-
Total other financing sources (uses)	-	-	(8,325)	654,717
NET CHANGE IN FUND BALANCE	<u>\$ (656,508)</u>	<u>\$ (656,508)</u>	(350,857)	615,642
FUND BALANCE, MAY 1			615,642	-
FUND BALANCE, APRIL 30			<u>\$ 264,785</u>	<u>\$ 615,642</u>

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ 7,379
Total revenues	-	-	-	7,379
EXPENDITURES				
Current				
Highways and streets				
Other charges	-	-	8,325	-
Capital outlay	-	-	-	290,203
Total expenditures	-	-	8,325	290,203
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	-	(8,325)	(282,824)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	8,325	-
Transfers (out)	-	-	-	(654,717)
Total other financing sources (uses)	-	-	8,325	(654,717)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	(937,541)
FUND BALANCE, MAY 1			-	937,541
FUND BALANCE, APRIL 30			<u>\$ -</u>	<u>\$ -</u>

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 288,800	\$ 288,800	\$ 264,865	\$ 277,915
Miscellaneous income	-	-	450	-
Investment income	13,000	13,000	5,690	10,121
Total revenues	301,800	301,800	271,005	288,036
EXPENDITURES				
Current				
Community development				
Administration	20,000	20,000	-	6,538
Contractual services	30,000	33,513	-	1,363
Other expenditures	15,000	15,000	15,000	15,000
Total expenditures	65,000	68,513	15,000	22,901
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	236,800	233,287	256,005	265,135
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(259,200)	(259,200)	(259,200)	(260,900)
NET CHANGE IN FUND BALANCE	\$ (22,400)	\$ (25,913)	(3,195)	4,235
FUND BALANCE, MAY 1			1,062,764	1,058,529
FUND BALANCE, APRIL 30			\$ 1,059,569	\$ 1,062,764

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 495,200	\$ 495,200	\$ 637,855	\$ 267,798
Investment income	1,000	1,000	2,038	2,286
Miscellaneous	-	-	52,587	12,036
Total revenues	496,200	496,200	692,480	282,120
EXPENDITURES				
Current				
Community development				
Contractual services	50,000	54,201	9,666	70,391
Other expenditures	60,000	60,000	50,000	50,000
Capital outlay	500,000	500,000	-	175,998
Total expenditures	610,000	614,201	59,666	296,389
NET CHANGE IN FUND BALANCE	<u>\$ (113,800)</u>	<u>\$ (118,001)</u>	632,814	(14,269)
FUND BALANCE, MAY 1			4,288	18,557
FUND BALANCE, APRIL 30			<u>\$ 637,102</u>	<u>\$ 4,288</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 693,700	\$ 693,700	\$ 496,833	\$ 604,486
Investment income	20,000	20,000	10,212	19,004
Total revenues	713,700	713,700	507,045	623,490
EXPENDITURES				
Current				
Community development				
Contractual services	30,000	34,150	2,700	2,225
Other expenditures	50,000	50,000	50,000	50,000
Capital outlay	540,000	540,000	4,541	11,536
Total expenditures	620,000	624,150	57,241	63,761
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	93,700	89,550	449,804	559,729
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(294,600)	(294,600)	(294,600)	(276,500)
NET CHANGE IN FUND BALANCE	\$ (200,900)	\$ (205,050)	155,204	283,229
FUND BALANCE, MAY 1			1,802,198	1,518,969
FUND BALANCE, APRIL 30			\$ 1,957,402	\$ 1,802,198

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ 5,000	\$ 5,000	\$ 11,920	\$ 24,735
EXPENDITURES				
Capital outlay				
Construction in progress	850,000	850,000	356,599	31,908
NET CHANGE IN FUND BALANCE	<u>\$ (845,000)</u>	<u>\$ (845,000)</u>	(344,679)	(7,173)
FUND BALANCE, MAY 1			<u>2,501,257</u>	<u>2,508,430</u>
FUND BALANCE, APRIL 30			<u>\$ 2,156,578</u>	<u>\$ 2,501,257</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
REVENUES				
Investment income	\$ 13,000	\$ 13,000	\$ 9,105	\$ 18,381
Miscellaneous	-	-	157,090	-
Total revenues	13,000	13,000	166,195	18,381
EXPENDITURES				
Capital outlay				
Contractual services	-	18,966	-	5,875
Capital outlay	314,000	418,778	135,611	11,209
Total expenditures	314,000	437,744	135,611	17,084
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(301,000)	(424,744)	30,584	1,297
NET CHANGE IN FUND BALANCE	<u>\$ (301,000)</u>	<u>\$ (424,744)</u>	30,584	1,297
FUND BALANCE, MAY 1			1,706,893	1,705,596
FUND BALANCE, APRIL 30			<u>\$ 1,737,477</u>	<u>\$ 1,706,893</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

EMERALD ASH BORER FUND

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

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
Health and welfare			
Salaries	-	12,700	3,333
Contractual services	-	40,000	4,202
Other charges	-	300	-
Total expenditures	-	53,000	7,535
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(53,000)	(7,535)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,000,000	2,000,000
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,947,000</u>	1,992,465
FUND BALANCE, MAY 1			<u>-</u>
FUND BALANCE, APRIL 30			<u>\$ 1,992,465</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, 2012
(With Actual at April 30, 2011)

	2012	2011
CURRENT ASSETS		
Cash and investments	\$ 4,278,860	\$ 4,863,585
Receivables		
Customer accounts	1,714,741	1,648,377
Accrued interest	17,684	17,746
Inventory	452,079	426,118
Total current assets	<u>6,463,364</u>	<u>6,955,826</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>(70,626,136)</u>	<u>(69,195,070)</u>
Net capital assets	<u>30,425,308</u>	<u>31,856,374</u>
Other assets		
Investment in joint venture	<u>14,834,382</u>	<u>14,356,411</u>
Total noncurrent assets	<u>45,259,690</u>	<u>46,212,785</u>
Total assets	<u>51,723,054</u>	<u>53,168,611</u>
CURRENT LIABILITIES		
Accounts payable	704,772	408,335
Accrued payroll	105,433	84,514
Compensated absences payable	<u>61,478</u>	<u>59,644</u>
Total current liabilities	<u>871,683</u>	<u>552,493</u>
LONG-TERM LIABILITIES		
Compensated absences payable	348,378	337,981
Net other postemployment benefits obligation	<u>156,681</u>	<u>147,522</u>
Total long-term liabilities	<u>505,059</u>	<u>485,503</u>
Total liabilities	<u>1,376,742</u>	<u>1,037,996</u>
NET ASSETS		
Invested in capital assets, net of related debt	30,425,308	31,856,374
Unrestricted	<u>19,921,004</u>	<u>20,274,241</u>
TOTAL NET ASSETS	<u>\$ 50,346,312</u>	<u>\$ 52,130,615</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 14,455,100	\$ 14,455,100	\$ 12,960,678	\$ 12,730,188
Miscellaneous	97,000	97,000	152,794	118,743
Total operating revenues	14,552,100	14,552,100	13,113,472	12,848,931
OPERATING EXPENSES				
Personal services	5,550,800	5,550,800	5,271,948	5,268,312
Contractual services	2,187,000	2,236,659	1,943,574	2,196,320
Northwest Water Commission	3,548,800	3,548,800	3,545,296	3,252,454
Commodities	897,200	914,715	715,643	579,016
Charges for services	1,529,500	1,491,415	1,330,536	1,268,029
Gain (loss) from joint venture Northwest Water Commission	-	-	(477,971)	98,258
Other	1,031,100	1,374,980	1,154,822	1,088,592
Total operating expenses	14,744,400	15,117,369	13,483,848	13,750,981
OPERATING INCOME (LOSS) BEFORE DEPRECIATION				
	(192,300)	(565,269)	(370,376)	(902,050)
Depreciation	-	-	1,431,066	1,500,748
OPERATING INCOME (LOSS)	(192,300)	(565,269)	(1,801,442)	(2,402,798)
NONOPERATING REVENUES (EXPENSES)				
Investment income	60,000	60,000	17,137	39,606
INCOME (LOSS) BEFORE TRANSFERS	(132,300)	(505,269)	(1,784,305)	(2,363,192)
TRANSFERS				
Transfers (out)	(80,000)	(80,000)	-	-
CHANGE IN NET ASSETS	<u>\$ (212,300)</u>	<u>\$ (585,269)</u>	(1,784,305)	(2,363,192)
NET ASSETS, MAY 1			52,130,617	54,493,809
NET ASSETS, APRIL 30			<u>\$ 50,346,312</u>	<u>\$ 52,130,617</u>

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
PERSONAL SERVICES				
Finance				
Salaries	\$ 519,800	\$ 519,800	\$ 504,630	\$ 489,563
Overtime	500	500	-	-
Workers' compensation	1,100	1,100	1,100	1,100
Medical insurance	95,100	95,100	95,100	94,900
IMRF	64,100	64,100	62,211	54,864
FICA	32,300	32,300	30,398	29,495
Medicare	7,500	7,500	7,109	6,898
Water utility operations				
Salaries	3,086,500	3,086,500	2,934,361	2,922,399
Overtime	305,300	305,300	221,249	299,392
Workers' compensation	209,700	209,700	209,700	203,600
Medical insurance	565,400	565,400	565,400	525,700
IMRF	410,100	410,100	391,058	365,902
FICA	205,200	205,200	192,314	198,377
Medicare	48,200	48,200	45,087	46,600
Compensated absences	-	-	12,231	29,522
Total personal services	5,550,800	5,550,800	5,271,948	5,268,312
CONTRACTUAL SERVICES				
Finance				
Professional service	14,400	14,400	12,035	11,796
Other services	65,000	74,495	85,677	62,611
Travel and training	1,000	1,000	2	-
Postage	62,000	62,000	55,984	65,032
Printing	14,200	14,200	7,191	6,540
IT service charge	90,900	90,900	90,900	97,700
Water utility operations				
Professional services	56,000	89,054	45,381	42,715
General insurance	48,400	48,400	48,400	47,000
Equipment maintenance	35,000	35,000	24,584	29,464
Radio maintenance	2,500	2,500	-	316
Building maintenance	7,500	7,500	850	5,023
Pumping station maintenance	22,000	22,000	1,431	30,931
Sewer collection system	20,000	21,410	3,690	40,551
Water distribution system	295,000	295,000	237,826	201,327

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
CONTRACTUAL SERVICES (Continued)				
Water utility operations (Continued)				
Meter installation	\$ 204,000	\$ 204,000	\$ 217,931	\$ 207,974
Equipment rental	240,000	240,000	103,959	244,396
Utility services	318,000	318,000	369,162	442,998
Disposal services	75,000	75,000	28,687	39,600
Other services	59,000	64,700	40,927	55,813
Dues	3,000	3,000	4,749	2,816
Travel and training	15,100	15,100	15,632	14,794
Postage	4,000	4,000	3,661	2,722
Printing	1,800	1,800	684	574
Annual consumer report	16,000	16,000	13,907	14,382
Service charge	141,000	141,000	141,000	151,900
Claims and refunds	10,000	10,000	-	894
Vehicle/equipment lease charge	336,200	336,200	336,200	317,500
Telephone services	30,000	30,000	53,124	58,951
Total contractual services	2,187,000	2,236,659	1,943,574	2,196,320
NORTHWEST WATER COMMISSION	3,548,800	3,548,800	3,545,296	3,252,454
COMMODITIES				
Finance				
Office supplies and equipment	5,000	5,000	2,152	2,000
Overhead sewer rebate program	50,000	50,000	50,000	12,678
Water utility operations				
Publications and periodicals	1,000	1,000	580	955
Office supplies and equipment	3,800	3,800	3,799	3,554
Photographic supplies	500	500	216	-
Data system supplies	3,000	3,000	-	203
Clothing	26,000	26,000	16,046	15,510
Petroleum products	80,200	80,200	83,877	76,511
Water distribution supplies	184,000	184,000	153,522	64,998
Meter/backflow devices	148,000	156,890	154,016	81,785
Pumping and storage supplies	30,000	30,000	20,747	32,805
Sewer collection supplies	40,000	40,000	31,907	22,314
Agricultural supplies	13,000	13,000	17,276	8,697
Building supplies	15,000	19,203	11,351	6,042
Chemicals	20,500	20,500	8,743	7,648

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
COMMODITIES (Continued)				
Water utility operations (Continued)				
Other equipment and supplies	\$ 67,700	\$ 72,122	\$ 34,842	\$ 58,588
Small tools and equipment	17,500	17,500	10,649	9,537
Street and sidewalk supplies	177,000	177,000	100,799	161,221
Other supplies	15,000	15,000	15,121	13,970
Total commodities	897,200	914,715	715,643	579,016
CHARGES FOR SERVICES				
Water utility operations				
Administrative service charge	1,329,500	1,329,500	1,329,500	1,266,200
Operating contingency	200,000	161,915	-	-
Other	-	-	1,036	1,829
Total charges for services	1,529,500	1,491,415	1,330,536	1,268,029
GAIN (LOSS) FROM JOINT VENTURE				
Northwest Water Commission	-	-	(477,971)	98,258
OTHER				
Capital outlay				
Water utility operations				
Office equipment	15,000	19,203	13,335	3,903
Other equipment	136,100	207,077	68,707	30,917
Building improvements	20,000	72,000	66,542	-
Construction in progress	860,000	1,076,700	1,006,238	1,053,772
Subtotal	1,031,100	1,374,980	1,154,822	1,088,592
TOTAL OPERATIONS	\$ 14,744,400	\$ 15,117,369	13,483,848	13,750,981
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized			-	-
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS			\$ 13,483,848	\$ 13,750,981

(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, 2012

	Solid Waste Disposal	Arts, Entertainment & Events	Total
CURRENT ASSETS			
Cash and investments	\$ 1,975,822	\$ 676,065	\$ 2,651,887
Receivables			
Customer accounts	98,716	-	98,716
Accrued interest	1,041	1,271	2,312
Prepaid expenses	91,658	-	91,658
Total current assets	2,167,237	677,336	2,844,573
CAPITAL ASSETS			
Nondepreciable capital assets	-	475,200	475,200
Depreciable capital assets	-	2,514,999	2,514,999
Accumulated depreciation	-	(637,672)	(637,672)
Net capital assets	-	2,352,527	2,352,527
Total assets	2,167,237	3,029,863	5,197,100
CURRENT LIABILITIES			
Accounts payable	-	26,087	26,087
NET ASSETS			
Invested in capital assets	-	2,352,527	2,352,527
Unrestricted	2,167,237	651,249	2,818,486
TOTAL NET ASSETS	\$ 2,167,237	\$ 3,003,776	\$ 5,171,013

(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, 2012

	Solid Waste Disposal	Arts, Entertainment & Events	Total
OPERATING REVENUES			
Charges for services	\$ 1,701,884	\$ 132,209	\$ 1,834,093
Miscellaneous			
Other	149,473	-	149,473
Total operating revenues	1,851,357	132,209	1,983,566
OPERATING EXPENSES			
Operations	1,529,106	756,285	2,285,391
Depreciation	-	63,648	63,648
Total operating expenses	1,529,106	819,933	2,349,039
OPERATING INCOME (LOSS)	322,251	(687,724)	(365,473)
NONOPERATING REVENUES (EXPENSES)			
Investment income	8,046	2,558	10,604
Building management fee	-	18,000	18,000
Food and beverage tax	-	433,045	433,045
Total nonoperating revenues (expenses)	8,046	453,603	461,649
INCOME (LOSS) BEFORE TRANSFERS	330,297	(234,121)	96,176
TRANSFERS			
Transfers in	-	300,000	300,000
CHANGE IN NET ASSETS	330,297	65,879	396,176
NET ASSETS, MAY 1	1,836,940	2,937,897	4,774,837
NET ASSETS, APRIL 30	\$ 2,167,237	\$ 3,003,776	\$ 5,171,013

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2012

	Solid Waste Disposal	Arts, Entertainment & Events	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,874,337	\$ 132,209	\$ 2,006,546
Payments to suppliers	(1,497,156)	(734,811)	(2,231,967)
Net cash from operating activities	377,181	(602,602)	(225,421)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers	-	300,000	300,000
Food and beverage tax receipts	-	451,045	451,045
Net cash from noncapital financing activities	-	751,045	751,045
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None	-	-	-
Net cash from capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	8,337	2,608	10,945
Net cash from investing activities	8,337	2,608	10,945
NET INCREASE IN CASH AND CASH EQUIVALENTS	385,518	151,051	536,569
CASH AND CASH EQUIVALENTS, MAY 1	1,590,304	525,014	2,115,318
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 1,975,822</u>	<u>\$ 676,065</u>	<u>\$ 2,651,887</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, 2012

	Solid Waste Disposal	Arts, Entertainment & Events	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 322,251	\$ (687,724)	\$ (365,473)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	-	63,648	63,648
Change in assets and liabilities			
Receivables	22,980	-	22,980
Prepaid expenses	31,950	-	31,950
Accounts payable	-	21,474	21,474
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 377,181</u>	<u>\$ (602,602)</u>	<u>\$ (225,421)</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 1,537,000	\$ 1,537,000	\$ 1,701,884	\$ 1,406,829
Miscellaneous	-	-	149,473	109,443
Total operating revenues	1,537,000	1,537,000	1,851,357	1,516,272
OPERATING EXPENSES				
Operations	1,486,400	1,610,472	1,529,106	1,492,582
OPERATING INCOME (LOSS)	50,600	(73,472)	322,251	23,690
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,000	13,000	8,046	13,954
CHANGE IN NET ASSETS	\$ 63,600	\$ (60,472)	330,297	37,644
NET ASSETS, MAY 1			1,836,940	1,799,296
NET ASSETS, APRIL 30			\$ 2,167,237	\$ 1,836,940

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Special events	\$ 68,000	\$ 109,000	\$ 132,209	\$ 33,550
OPERATING EXPENSES				
Operations	494,200	843,915	756,285	406,969
Depreciation	-	-	63,648	68,824
Total operating expenses	494,200	843,915	819,933	475,793
OPERATING INCOME (LOSS)	(426,200)	(734,915)	(687,724)	(442,243)
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,000	5,000	2,558	4,829
Building management fee	12,000	12,000	18,000	6,000
Food and beverage tax	418,700	418,700	433,045	420,102
Total nonoperating revenues (expenses)	435,700	435,700	453,603	430,931
INCOME (LOSS) BEFORE TRANSFERS	9,500	(299,215)	(234,121)	(11,312)
TRANSFERS				
Transfers in	-	300,000	300,000	-
Transfers (out)	-	-	-	(50,000)
Total transfers	-	300,000	300,000	(50,000)
CHANGE IN NET ASSETS	\$ 9,500	\$ 785	65,879	(61,312)
NET ASSETS, MAY 1			2,937,897	2,999,209
NET ASSETS, APRIL 30			\$ 3,003,776	\$ 2,937,897

(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, 2012

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
CURRENT ASSETS			
Cash and investments	\$ 3,772,674	\$ 280,047	\$ 4,270,503
Receivables			
Accrued interest	11,978	-	10,216
Inventory	-	-	-
	<hr/>		
Total current assets	3,784,652	280,047	4,280,719
CAPITAL ASSETS			
Cost	-	-	-
Accumulated depreciation	-	-	-
	<hr/>		
Net capital assets	-	-	-
	<hr/>		
Total assets	3,784,652	280,047	4,280,719
CURRENT LIABILITIES			
Accounts payable	269,509	442	15,121
Accrued payroll	2,303	-	-
Claims payable	622,347	279,605	257,818
Compensated absences payable	931	-	-
	<hr/>		
Total current liabilities	895,090	280,047	272,939
LONG-TERM LIABILITIES			
Compensated absences payable	5,275	-	-
Net other postemployment benefits obligation	12,263	-	-
	<hr/>		
Total long-term liabilities	17,538	-	-
	<hr/>		
Total liabilities	912,628	280,047	272,939
NET ASSETS			
Invested in capital assets	-	-	-
Unreserved	2,872,024	-	4,007,780
	<hr/>		
TOTAL NET ASSETS	\$ 2,872,024	\$ -	\$ 4,007,780
	<hr/>		

Workers' Compensation	Fleet Operations	Technology	Total
\$ 6,234,751	\$ 5,054,683	\$ 1,458,869	\$ 21,071,527
6,717	10,552	4,344	43,807
-	88,456	-	88,456
6,241,468	5,539,149	1,463,213	21,589,248
-	17,664,186	-	17,664,186
-	(11,879,614)	-	(11,879,614)
-	5,784,572	-	5,784,572
6,241,468	11,323,721	1,463,213	27,373,820
17,174	75,399	26,148	403,793
1,606	23,174	14,771	41,854
1,261,072	-	-	2,420,842
1,059	16,381	7,258	25,629
1,280,911	114,954	48,177	2,892,118
6,004	92,823	41,128	145,230
6,131	74,712	51,044	144,150
12,135	167,535	92,172	289,380
1,293,046	282,489	140,349	3,181,498
-	5,784,572	-	5,784,572
4,948,422	5,256,660	1,322,864	18,407,750
\$ 4,948,422	\$ 11,041,232	\$ 1,322,864	\$ 24,192,322

(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, 2012

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
OPERATING REVENUES			
Charges for services	\$ 8,219,516	\$ 1,399,988	\$ 634,000
Fines	-	-	-
Miscellaneous	-	-	28,800
Other	1,572	128,492	-
Total operating revenues	8,221,088	1,528,480	662,800
OPERATING EXPENSES			
Personal services	117,676	-	-
Contractual services	3,386,203	561,181	321,914
Commodities	492	-	-
Insurance claims	3,784,013	2,151,991	340,635
Capital outlay	-	-	-
Total operating expenses	7,288,384	2,713,172	662,549
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	932,704	(1,184,692)	251
DEPRECIATION	-	-	-
OPERATING INCOME (LOSS)	932,704	(1,184,692)	251
NONOPERATING REVENUES (EXPENSES)			
Investment income	12,307	-	19,749
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	12,307	-	19,749
INCOME (LOSS) BEFORE TRANSFERS	945,011	(1,184,692)	20,000
TRANSFERS			
Transfers in	-	1,184,692	300,000
Transfers (out)	(1,184,692)	-	-
Total transfers	(1,184,692)	1,184,692	300,000
CHANGE IN NET ASSETS	(239,681)	-	320,000
NET ASSETS, MAY 1	3,111,705	-	3,687,780
NET ASSETS, APRIL 30	\$ 2,872,024	\$ -	\$ 4,007,780

	Workers' Compensation	Fleet Operations	Technology	Total
\$	1,928,092	\$ 2,647,507	\$ 1,396,500	\$ 16,225,603
	-	27,637	-	27,637
	-	-	-	28,800
	7,092	161,734	-	298,890
	1,935,184	2,836,878	1,396,500	16,580,930
	136,935	1,226,597	729,336	2,210,544
	263,071	323,024	299,962	5,155,355
	419	455,588	64,798	521,297
	776,346	-	-	7,052,985
	-	8,445	210,677	219,122
	1,176,771	2,013,654	1,304,773	15,159,303
	758,413	823,224	91,727	1,421,627
	-	1,062,776	-	1,062,776
	758,413	(239,552)	91,727	358,851
	27,518	27,928	6,788	94,290
	-	66,048	-	66,048
	27,518	93,976	6,788	160,338
	785,931	(145,576)	98,515	519,189
	-	-	-	1,484,692
	-	-	-	(1,184,692)
	-	-	-	300,000
	785,931	(145,576)	98,515	819,189
	4,162,491	11,186,808	1,224,349	23,373,133
\$	4,948,422	\$ 11,041,232	\$ 1,322,864	\$ 24,192,322

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2012

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services	\$ 8,221,088	\$ 1,528,480	\$ 662,800
Payments to suppliers	(7,196,257)	(2,666,542)	(739,489)
Payments to employees	(114,610)	-	-
Net cash from operating activities	<u>910,221</u>	<u>(1,138,062)</u>	<u>(76,689)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers in	-	1,184,692	300,000
Interfund transfers (out)	(1,184,692)	-	-
Net cash from noncapital financing activities	<u>(1,184,692)</u>	<u>1,184,692</u>	<u>300,000</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	12,326	-	19,774
Net cash from investing activities	<u>12,326</u>	<u>-</u>	<u>19,774</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(262,145)	46,630	243,085
CASH AND CASH EQUIVALENTS, MAY 1	<u>4,034,819</u>	<u>233,417</u>	<u>4,027,418</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 3,772,674</u>	<u>\$ 280,047</u>	<u>\$ 4,270,503</u>

Workers' Compensation	Fleet Operations	Technology	Total
\$ 1,935,184	\$ 2,836,878	\$ 1,396,500	\$ 16,580,930
(1,112,647)	(1,229,453)	(596,497)	(13,540,885)
(134,262)	(1,213,101)	(723,857)	(2,185,830)
688,275	394,324	76,146	854,215
-	-	-	1,484,692
-	-	-	(1,184,692)
-	-	-	300,000
-	(1,444,373)	-	(1,444,373)
-	66,048	-	66,048
-	(1,378,325)	-	(1,378,325)
27,685	28,126	6,765	94,676
27,685	28,126	6,765	94,676
715,960	(955,875)	82,911	(129,434)
5,518,791	6,010,558	1,375,958	21,200,961
\$ 6,234,751	\$ 5,054,683	\$ 1,458,869	\$ 21,071,527

(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, 2012

	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)	\$ 932,704	\$ (1,184,692)	\$ 251
Depreciation	-	-	-
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Change in assets and liabilities			
Prepaid expenses	-	-	-
Inventories	-	-	-
Accounts payable	7,785	442	(18,178)
Accrued payroll	486	-	-
Compensated absences payable	1,873	-	-
Net other postemployment benefits obligation	707	-	-
Claims payable	(33,334)	46,188	(58,762)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 910,221</u>	<u>\$ (1,138,062)</u>	<u>\$ (76,689)</u>

Workers' Compensation	Fleet Operations	Technology	Total
\$ 758,413	\$ (239,552)	\$ 91,727	\$ 358,851
-	1,062,776	-	1,062,776
-	(385,458)	-	(385,458)
-	(3,320)	-	(3,320)
(1,701)	(53,618)	(21,060)	(86,330)
292	4,567	2,874	8,219
2,027	3,980	(930)	6,950
354	4,949	3,535	9,545
(71,110)	-	-	(117,018)
\$ 688,275	\$ 394,324	\$ 76,146	\$ 854,215

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 8,087,600	\$ 8,087,600	\$ 8,219,516	\$ 8,046,416
Miscellaneous	-	-	1,572	1,500
Total operating revenues	8,087,600	8,087,600	8,221,088	8,047,916
OPERATING EXPENSES				
Personal services	122,500	122,500	117,676	111,682
Contractual services	3,639,300	3,639,300	3,386,203	3,037,878
Commodities	500	500	492	500
Insurance claims	4,909,100	4,909,100	3,784,013	3,558,821
Total operating expenses	8,671,400	8,671,400	7,288,384	6,708,881
OPERATING INCOME (LOSS)	(583,800)	(583,800)	932,704	1,339,035
NONOPERATING REVENUES (EXPENSES)				
Investment income	15,000	15,000	12,307	18,934
INCOME (LOSS) BEFORE TRANSFERS	(568,800)	(568,800)	945,011	1,357,969
TRANSFERS				
Transfers in	280,000	280,000	-	-
Transfers (out)	(1,176,100)	(1,176,100)	(1,184,692)	(270,848)
Total transfers	(896,100)	(896,100)	(1,184,692)	(270,848)
CHANGE IN NET ASSETS	<u>\$ (1,464,900)</u>	<u>\$ (1,464,900)</u>	(239,681)	1,087,121
NET ASSETS, MAY 1			3,111,705	2,024,584
NET ASSETS, APRIL 30			<u>\$ 2,872,024</u>	<u>\$ 3,111,705</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 1,550,000	\$ 1,550,000	\$ 1,399,988	\$ 1,516,170
Miscellaneous income	100,000	100,000	128,492	99,297
Total operating revenues	1,650,000	1,650,000	1,528,480	1,615,467
OPERATING EXPENSES				
Contractual services	620,600	620,600	561,181	532,665
Insurance claims	2,205,500	2,205,500	2,151,991	1,353,650
Total operating expenses	2,826,100	2,826,100	2,713,172	1,886,315
INCOME (LOSS) BEFORE TRANSFERS	(1,176,100)	(1,176,100)	(1,184,692)	(270,848)
TRANSFERS				
Transfers in	1,176,100	1,176,100	1,184,692	270,848
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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 634,000	\$ 634,000	\$ 634,000	\$ 615,700
Miscellaneous	-	-	28,800	-
Total operating revenues	634,000	634,000	662,800	615,700
OPERATING EXPENSES				
Contractual services	498,200	498,200	321,914	331,990
Insurance claims	420,000	436,250	340,635	325,514
Total operating expenses	918,200	934,450	662,549	657,504
OPERATING INCOME (LOSS)	(284,200)	(300,450)	251	(41,804)
NONOPERATING REVENUES (EXPENSES)				
Investment income	54,000	54,000	19,749	38,930
INCOME (LOSS) BEFORE TRANSFERS	(230,200)	(246,450)	20,000	(2,874)
TRANSFERS				
Transfers in	300,000	300,000	300,000	-
CHANGE IN NET ASSETS	<u>\$ 69,800</u>	<u>\$ 53,550</u>	320,000	(2,874)
NET ASSETS, MAY 1			3,687,780	3,690,654
NET ASSETS, APRIL 30			<u>\$ 4,007,780</u>	<u>\$ 3,687,780</u>

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 1,719,600	\$ 1,719,600	\$ 1,928,092	\$ 1,743,116
Miscellaneous				
Other	-	-	7,092	6,804
Total operating revenues	1,719,600	1,719,600	1,935,184	1,749,920
OPERATING EXPENSES				
Personal services	229,600	229,600	136,935	180,971
Contractual services	401,400	401,400	263,071	250,855
Commodities	2,300	2,300	419	1,021
Insurance claims	1,116,000	1,116,000	776,346	1,160,668
Total operating expenses	1,749,300	1,749,300	1,176,771	1,593,515
OPERATING INCOME (LOSS)	(29,700)	(29,700)	758,413	156,405
NONOPERATING REVENUES (EXPENSES)				
Investment income	60,000	60,000	27,518	46,202
CHANGE IN NET ASSETS	\$ 30,300	\$ 30,300	785,931	202,607
NET ASSETS, MAY 1			4,162,491	3,959,884
NET ASSETS, APRIL 30			\$ 4,948,422	\$ 4,162,491

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for services	\$ 2,630,200	\$ 2,630,200	\$ 2,647,507	\$ 2,547,743
Intergovernmental	8,100	8,100	-	29,000
Fines	30,000	30,000	27,637	33,476
Miscellaneous	140,000	140,000	161,734	140,882
Total operating revenues	<u>2,808,300</u>	<u>2,808,300</u>	<u>2,836,878</u>	<u>2,751,101</u>
OPERATING EXPENSES				
Personal services	1,287,400	1,287,400	1,226,597	1,197,104
Contractual services	282,300	282,300	323,024	328,494
Commodities	395,600	395,600	455,588	409,164
Capital outlay	2,204,300	2,301,348	8,445	6,906
Total operating expenses	<u>4,169,600</u>	<u>4,266,648</u>	<u>2,013,654</u>	<u>1,941,668</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,361,300)	(1,458,348)	823,224	809,433
DEPRECIATION	-	-	1,062,776	1,120,880
OPERATING INCOME (LOSS)	<u>(1,361,300)</u>	<u>(1,458,348)</u>	<u>(239,552)</u>	<u>(311,447)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	60,000	60,000	27,928	50,889
Contribution of capital assets	-	-	-	34,010
Gain on disposal of capital assets	-	-	66,048	109,776
Total nonoperating revenues (expenses)	<u>60,000</u>	<u>60,000</u>	<u>93,976</u>	<u>194,675</u>
CHANGE IN NET ASSETS	<u>\$ (1,301,300)</u>	<u>\$ (1,398,348)</u>	<u>(145,576)</u>	<u>(116,772)</u>
NET ASSETS, MAY 1			<u>11,186,808</u>	<u>11,303,580</u>
NET ASSETS, APRIL 30			<u>\$ 11,041,232</u>	<u>\$ 11,186,808</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
PERSONAL SERVICES				
Salaries	\$ 867,000	\$ 867,000	\$ 837,115	\$ 812,900
Overtime	46,800	46,800	19,724	32,622
Workers' compensation	40,400	40,400	40,400	39,200
Medical insurance	159,800	159,800	159,800	157,600
IMRF	106,000	106,000	102,032	91,913
Social Security	54,600	54,600	51,502	50,953
Medicare	12,800	12,800	12,044	11,916
Compensated absences	-	-	3,980	-
Total personal services	1,287,400	1,287,400	1,226,597	1,197,104
CONTRACTUAL SERVICES				
Equipment maintenance	10,000	10,000	9,321	6,252
Radio maintenance	1,500	1,500	-	-
Vehicle equipment maintenance	165,000	165,000	242,551	178,432
Vehicle damage	25,000	25,000	13,162	65,904
Equipment rental	2,500	2,500	1,731	2,960
Lease expense	38,900	38,900	21,116	41,049
Disposal services	3,000	3,000	754	418
Other services	25,500	25,500	25,000	23,600
Dues	600	600	374	371
Travel and training	2,300	2,300	2,343	2,266
Postage	100	100	182	116
Printing	1,000	1,000	164	912
Photocopying	600	600	26	114
Vehicle and equipment lease charge	6,300	6,300	6,300	6,100
Total contractual services	282,300	282,300	323,024	328,494

(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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
COMMODITIES				
Publications and periodicals	\$ 300	\$ 300	\$ -	\$ -
Office supplies and equipment	400	400	387	311
Clothing	6,500	6,500	4,316	5,167
Petroleum products	700	700	630	627
Nonvillage fuel resale	122,400	122,400	158,872	127,861
Vehicle maintenance supplies	215,000	215,000	263,137	247,882
Other equipment and supplies	10,000	10,000	10,624	10,928
Small tools and equipment	3,500	3,500	3,303	3,330
Other supplies	1,800	1,800	1,161	906
Wheeling bus maintenance	35,000	35,000	13,158	12,152
Total commodities	395,600	395,600	455,588	409,164
CAPITAL OUTLAY	2,204,300	2,301,348	1,452,818	726,929
TOTAL OPERATIONS	\$ 4,169,600	\$ 4,266,648	3,458,027	2,661,691
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized			(1,444,373)	(720,023)
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS			\$ 2,013,654	\$ 1,941,668

(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, 2012
(With Actual for 2011)

	2012			2011 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Charges for services	\$ 1,396,500	\$ 1,396,500	\$ 1,396,500	\$ 1,521,800
Total operating revenues	1,396,500	1,396,500	1,396,500	1,521,800
OPERATING EXPENSES				
Personal services	790,300	790,300	729,336	831,761
Contractual services	312,600	312,600	299,962	304,905
Commodities	85,800	85,800	64,798	49,103
Capital outlay	221,800	221,800	210,677	197,903
Total operating expenses	1,410,500	1,410,500	1,304,773	1,383,672
OPERATING INCOME (LOSS)	(14,000)	(14,000)	91,727	138,128
NONOPERATING REVENUES (EXPENSES)				
Investment income	14,000	14,000	6,788	11,310
CHANGE IN NET ASSETS	\$ -	\$ -	98,515	149,438
NET ASSETS, MAY 1			1,224,349	1,074,911
NET ASSETS, APRIL 30			\$ 1,322,864	\$ 1,224,349

(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, 2012

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 1,538,993	\$ 1,113,550	\$ 2,652,543
Investments			
U.S. Government and agency obligations	42,214,330	15,931,372	58,145,702
Equity securities	11,486,980	8,118,917	19,605,897
Illinois Funds	3,987,100	3,278,283	7,265,383
Mutual funds	24,276,346	28,488,912	52,765,258
Corporate bonds	-	11,462,711	11,462,711
Municipal bonds	-	2,362,441	2,362,441
Receivables			
Accrued interest	189,615	327,788	517,403
Other	4,307	5,084	9,391
Total assets	83,697,671	71,089,058	154,786,729
LIABILITIES			
Accounts payable	50	-	50
Deposits payable	-	-	-
Due to other funds	2,128,962	2,359,599	4,488,561
Other payables	-	-	-
Total liabilities	2,129,012	2,359,599	4,488,611
NET ASSETS	\$ 81,568,659	\$ 68,729,459	\$ 150,298,118

Agency			
Guaranty Deposits	Escrow Deposits	Special Assessments Collection	Total
\$ 455,755	\$ 578,600	\$ 412,737	\$ 1,447,092
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,338	-	561	1,899
-	1,832	156,028	157,860
457,093	580,432	569,326	1,606,851
2,500	-	-	2,500
454,593	575,631	569,326	1,599,550
-	-	-	-
-	4,801	-	4,801
457,093	580,432	569,326	1,606,851
\$ -	\$ -	\$ -	\$ -

(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, 2012

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 4,038,031	\$ 4,470,608	\$ 8,508,639
Participants	935,415	874,164	1,809,579
Other	273,118	1,701	274,819
Total contributions	<u>5,246,564</u>	<u>5,346,473</u>	<u>10,593,037</u>
Investment income			
Net appreciation in fair value of investments	99,350	651,408	750,758
Interest income	<u>2,338,342</u>	<u>1,870,477</u>	<u>4,208,819</u>
Subtotal	2,437,692	2,521,885	4,959,577
Less investment expense	<u>(202,832)</u>	<u>(153,547)</u>	<u>(356,379)</u>
Net investment income	<u>2,234,860</u>	<u>2,368,338</u>	<u>4,603,198</u>
Total additions	<u>7,481,424</u>	<u>7,714,811</u>	<u>15,196,235</u>
DEDUCTIONS			
Administrative	64,086	35,282	99,368
Pension benefits and refunds	<u>4,185,829</u>	<u>4,899,304</u>	<u>9,085,133</u>
Total deductions	<u>4,249,915</u>	<u>4,934,586</u>	<u>9,184,501</u>
NET INCREASE	3,231,509	2,780,225	6,011,734
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	<u>78,337,150</u>	<u>65,949,234</u>	<u>144,286,384</u>
April 30	<u>\$ 81,568,659</u>	<u>\$ 68,729,459</u>	<u>\$ 150,298,118</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
ADDITIONS				
Contributions				
Employer	\$ 4,038,000	\$ 4,038,000	\$ 4,038,031	\$ 3,379,573
Participants	1,000,000	1,000,000	935,415	948,741
Other	-	-	273,118	30,859
Total contributions	<u>5,038,000</u>	<u>5,038,000</u>	<u>5,246,564</u>	<u>4,359,173</u>
Investment income				
Net appreciation in fair value of investments	1,700,000	1,700,000	99,350	4,689,515
Interest income	2,100,000	2,100,000	2,338,342	2,020,005
Subtotal	<u>3,800,000</u>	<u>3,800,000</u>	<u>2,437,692</u>	<u>6,709,520</u>
Less investment expense	<u>(260,000)</u>	<u>(260,000)</u>	<u>(202,832)</u>	<u>(233,190)</u>
Net investment income	<u>3,540,000</u>	<u>3,540,000</u>	<u>2,234,860</u>	<u>6,476,330</u>
Total additions	<u>8,578,000</u>	<u>8,578,000</u>	<u>7,481,424</u>	<u>10,835,503</u>
DEDUCTIONS				
Administrative	47,100	47,100	64,086	54,601
Pension benefits and refunds	4,061,000	4,061,000	4,185,829	3,778,118
Total deductions	<u>4,108,100</u>	<u>4,108,100</u>	<u>4,249,915</u>	<u>3,832,719</u>
NET INCREASE	<u>\$ 4,469,900</u>	<u>\$ 4,469,900</u>	3,231,509	7,002,784
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
May 1			<u>78,337,150</u>	<u>71,334,366</u>
April 30			<u>\$ 81,568,659</u>	<u>\$ 78,337,150</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, 2012
(With Actual for 2011)

	2012		Actual	2011 Actual
	Original Budget	Final Budget		
ADDITIONS				
Contributions				
Employer	\$ 4,459,000	\$ 4,459,000	\$ 4,470,608	\$ 3,948,000
Participants	925,000	925,000	874,164	870,358
Other	-	-	1,701	5,847
Total contributions	<u>5,384,000</u>	<u>5,384,000</u>	<u>5,346,473</u>	<u>4,824,205</u>
Investment income				
Net appreciation in fair value in investments	2,000,000	2,000,000	651,408	4,993,988
Interest income	1,625,000	1,625,000	1,870,477	1,866,475
Subtotal	<u>3,625,000</u>	<u>3,625,000</u>	<u>2,521,885</u>	<u>6,860,463</u>
Less investment expense	<u>(175,400)</u>	<u>(175,400)</u>	<u>(153,547)</u>	<u>(169,955)</u>
Net investment income	<u>3,449,600</u>	<u>3,449,600</u>	<u>2,368,338</u>	<u>6,690,508</u>
Total additions	<u>8,833,600</u>	<u>8,833,600</u>	<u>7,714,811</u>	<u>11,514,713</u>
DEDUCTIONS				
Administrative	37,700	37,700	35,282	23,782
Pension benefits and refunds	4,904,000	4,904,000	4,899,304	4,446,637
Total deductions	<u>4,941,700</u>	<u>4,941,700</u>	<u>4,934,586</u>	<u>4,470,419</u>
NET INCREASE	<u>\$ 3,891,900</u>	<u>\$ 3,891,900</u>	2,780,225	7,044,294
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
May 1			<u>65,949,234</u>	<u>58,904,940</u>
April 30			<u>\$ 68,729,459</u>	<u>\$ 65,949,234</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, 2012

	Balances May 1	Additions	Deletions	Balances April 30
GUARANTY DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 574,116	\$ 2,860	\$ 121,221	\$ 455,755
Accrued interest receivable	1,330	8	-	1,338
TOTAL ASSETS	\$ 575,446	\$ 2,868	\$ 121,221	\$ 457,093
LIABILITIES				
Accounts payable	\$ 3,500	\$ -	\$ 1,000	\$ 2,500
Deposits payable	571,946	2,868	120,221	454,593
TOTAL LIABILITIES	\$ 575,446	\$ 2,868	\$ 121,221	\$ 457,093
ESCROW DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 707,141	\$ 25,004	\$ 153,545	\$ 578,600
Receivables	1,750	82	-	1,832
TOTAL ASSETS	\$ 708,891	\$ 25,086	\$ 153,545	\$ 580,432
LIABILITIES				
Deposits payable	\$ 704,090	\$ 25,086	\$ 153,545	\$ 575,631
Other payables	4,801	-	-	4,801
TOTAL LIABILITIES	\$ 708,891	\$ 25,086	\$ 153,545	\$ 580,432
SPECIAL ASSESSMENTS COLLECTION FUND				
ASSETS				
Cash and investments	\$ 350,560	\$ 62,177	\$ -	\$ 412,737
Accrued interest receivable	573	-	12	561
Receivables	205,415	-	49,387	156,028
TOTAL ASSETS	\$ 556,548	\$ 62,177	\$ 49,399	\$ 569,326
LIABILITIES				
Deposits payable	\$ 556,548	\$ 62,177	\$ 49,399	\$ 569,326
TOTAL LIABILITIES	\$ 556,548	\$ 62,177	\$ 49,399	\$ 569,326

(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, 2012

	Balances May 1	Additions	Deletions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and investments	\$ 1,631,817	\$ 90,041	\$ 274,766	\$ 1,447,092
Accrued interest receivable	1,902	8	12	1,898
Receivables	207,165	82	49,387	157,860
TOTAL ASSETS	\$ 1,840,884	\$ 90,131	\$ 324,165	\$ 1,606,850
LIABILITIES				
Accounts payable	\$ 3,500	\$ -	\$ 1,000	\$ 2,500
Deposits payable	1,832,583	90,131	323,165	1,599,549
Other payables	4,801	-	-	4,801
TOTAL LIABILITIES	\$ 1,840,884	\$ 90,131	\$ 324,165	\$ 1,606,850

(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, 2012

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
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>\$ 1,175,000</u>	<u>\$ 144,731</u>	<u>\$ 1,319,731</u>		<u>\$ 72,366</u>		<u>\$ 72,365</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003B

April 30, 2012

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
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>\$ 1,580,000</u>	<u>\$ 187,594</u>	<u>\$ 1,767,594</u>		<u>\$ 93,797</u>		<u>\$ 93,797</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2004

April 30, 2012

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
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
	<u>\$ 200,000</u>	<u>\$ 1,832,850</u>	<u>\$ 2,032,850</u>		<u>\$ 916,426</u>		<u>\$ 916,424</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2005

April 30, 2012

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
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>\$ 1,475,000</u>	<u>\$ 138,849</u>	<u>\$ 1,613,849</u>		<u>\$ 69,425</u>		<u>\$ 69,424</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2006

April 30, 2012

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
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>\$ 15,800,000</u>	<u>\$ 2,988,000</u>	<u>\$ 18,788,000</u>		<u>\$ 1,494,000</u>		<u>\$ 1,494,000</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2006A

April 30, 2012

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
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>\$ 3,450,000</u>	<u>\$ 408,000</u>	<u>\$ 3,858,000</u>		<u>\$ 204,000</u>		<u>\$ 204,000</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

April 30, 2012

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
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>\$ 6,585,000</u>	<u>\$ 352,875</u>	<u>\$ 6,937,875</u>		<u>\$ 176,437</u>		<u>\$ 176,438</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009B

April 30, 2012

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			Totals	June 1	Interest Due on		
	Principal	Interest				Amount	Dec. 1	Amount
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>\$ 1,355,000</u>	<u>\$ 65,875</u>	<u>\$</u>	<u>1,420,875</u>		<u>\$ 32,936</u>		<u>\$ 32,939</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010

April 30, 2012

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
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>\$ 2,635,000</u>	<u>\$ 473,514</u>	<u>\$ 3,108,514</u>		<u>\$ 236,760</u>		<u>\$ 236,754</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

April 30, 2012

Date of Issue	August 1, 2011
Date of Maturity	December 1, 2026
Authorized Issue	\$9,925,000
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 a portion of the Series 2004 General Obligation
Interest Dates	June and December
Redemption	Bonds due December 1, 2010-2026

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2011	\$ 40,000	\$ 384,500	\$ 424,500	2012	\$ 192,250	2012	\$ 192,250
2012	40,000	383,700	423,700	2013	191,850	2013	191,850
2013	60,000	382,900	442,900	2014	191,450	2014	191,450
2014	60,000	381,700	441,700	2015	190,850	2015	190,850
2015	60,000	380,500	440,500	2016	190,250	2016	190,250
2016	60,000	379,300	439,300	2017	189,650	2017	189,650
2017	65,000	377,650	442,650	2018	188,825	2018	188,825
2018	75,000	375,863	450,863	2019	187,931	2019	187,932
2019	50,000	373,800	423,800	2020	186,900	2020	186,900
2020	50,000	371,800	421,800	2021	185,900	2021	185,900
2021	900,000	369,800	1,269,800	2022	184,900	2022	184,900
2022	2,450,000	333,800	2,783,800	2023	166,900	2023	166,900
2023	2,520,000	235,800	2,755,800	2024	117,900	2024	117,900
2024	1,895,000	135,000	2,030,000	2025	67,500	2025	67,500
2025	1,480,000	59,200	1,539,200	2026	29,600	2026	29,600
	<u>\$ 9,805,000</u>	<u>\$ 4,925,313</u>	<u>\$ 14,730,313</u>		<u>\$ 2,462,656</u>		<u>\$ 2,462,657</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012A

April 30, 2012

Date of Issue	February 1, 2012
Date of Maturity	December 1, 2022
Authorized Issue	\$9,670,000
Denomination of Bonds	\$5,000
Interest Rates	2.00%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Advance refunding of a portion of the Series 2004 General Obligation
Interest Dates	June and December
Redemption	Bonds due December 1, 2012-2022

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2011	\$ 110,000	\$ 161,167	\$ 271,167	2012	\$ 80,584	2012	\$ 80,583
2012	85,000	191,200	276,200	2013	95,600	2013	95,600
2013	185,000	189,500	374,500	2014	94,750	2014	94,750
2014	185,000	185,800	370,800	2015	92,900	2015	92,900
2015	585,000	182,100	767,100	2016	91,050	2016	91,050
2016	1,000,000	170,400	1,170,400	2017	85,200	2017	85,200
2017	1,000,000	150,400	1,150,400	2018	75,200	2018	75,200
2018	1,000,000	130,400	1,130,400	2019	65,200	2019	65,200
2019	2,000,000	110,400	2,110,400	2020	55,200	2020	55,200
2020	2,145,000	70,400	2,215,400	2021	35,200	2021	35,200
2021	1,375,000	27,500	1,402,500	2022	13,750	2022	13,750
	<u>\$ 9,670,000</u>	<u>\$ 1,569,267</u>	<u>\$ 11,239,267</u>		<u>\$ 784,634</u>		<u>\$ 784,633</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.	158-165
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	166-171
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.	172-176
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.	177-178
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.	179-181

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 Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 116,954,018
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	16,263,555
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	41,494,128
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	\$ 174,711,701
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	\$ 32,777,835
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	22,739,490
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	\$ 55,517,325
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	\$ 149,731,853
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	16,263,555
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	64,233,618
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	\$ 230,229,026

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 Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,257,562
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	41,805,406
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	17,923,609
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	5,838,531
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	1,948,340
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	2,514,126
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	76,287,574
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	14,914,914
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	1,529,106
Arts, entertainment & events	-	-	345,743	393,922	435,170	383,033	440,953	475,793	819,933
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	17,263,953
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	\$ 93,551,527

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 4,582,832
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	2,895,316
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	3,017,043
Community development	1,385,628	1,170,831	1,083,918	1,504,432	4,828,838	838,830	976,909	816,738	901,216
Health and welfare	58,088	55,683	42,540	51,490	38,325	68,435	56,974	51,551	42,754
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	2,638,083
Capital grants and contributions	260,396	110,710	360,389	54,000	330,317	790,450	108,675	866,648	574,058
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	14,651,302
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	12,960,678
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	1,701,884
Art, entertainment & events	-	-	22,000	22,414	26,356	32,351	30,375	33,550	132,209
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	14,794,771
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	\$ 29,446,073
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)	\$ (61,636,272)
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)	(2,469,182)
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)	\$ (64,105,454)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 30,715,129
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	10,519,988
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	6,897,071
Replacement	283,300	316,130	407,912	443,690	516,811	464,953	411,138	455,733	410,962
Use	744,168	818,163	923,941	1,000,246	1,079,824	1,085,127	915,224	1,103,427	1,101,284
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	4,269,272
Utility	-	-	-	-	-	-	917,319	4,051,320	5,265,951
Hotel	1,167,538	1,191,907	1,301,228	1,530,315	1,705,506	1,360,158	893,169	814,905	885,190
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	1,750,023
Foreign fire insurance	94,973	90,695	88,963	79,812	90,579	90,271	104,658	117,835	123,597
Other	60,202	53,259	49,996	36,498	45,162	43,066	46,465	52,554	40,782
Shared income tax	4,595,006	5,161,838	5,879,378	6,485,022	7,084,398	7,010,647	6,111,105	5,998,989	6,135,155
Investment earnings	568,854	842,947	1,924,845	3,114,861	2,121,255	1,090,223	581,468	351,656	217,990
Miscellaneous	789,945	817,686	1,176,534	825,171	958,864	1,403,621	1,018,158	746,901	886,473
Contributions	-	-	-	-	-	10,005	-	-	-
Transfers	331,150	(2,723,320)	265,164	-	-	-	300,000	50,000	(300,000)
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	68,918,867

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	27,741
Food and beverage	-	226,280	422,796	432,456	459,171	478,671	419,219	420,102	433,045
Miscellaneous	139,441	156,692	521,907	237,036	366,269	228,174	152,713	234,186	320,267
Contributions	691,267	-	-	-	-	-	-	-	-
Transfers	(331,150)	2,723,320	(265,164)	-	-	-	(300,000)	(50,000)	300,000
Total business-type activities	865,095	3,362,790	1,188,972	1,645,257	1,685,766	942,278	388,890	662,675	1,081,053
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	\$ 69,999,920
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	\$ 7,282,595
Business-type activities	(161,118)	3,106,015	786,518	(1,780,473)	(559,202)	(2,114,178)	(2,213,202)	(2,386,862)	(1,388,129)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ 6,595,984	\$ 7,812,228	\$ 10,233,931	\$ 8,382,264	\$ 5,325,435	\$ (3,100,536)	\$ (4,305,432)	\$ 3,829,552	\$ 5,894,466

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
GENERAL FUND										
Reserved	\$ 246,925	\$ 282,297	\$ 369,750	\$ 224,326	\$ 1,600,742	\$ 397,168	\$ 251,626	\$ 204,484	\$ 204,005	\$ -
Unreserved	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	-
Nonspendable	-	-	-	-	-	-	-	-	-	121,491
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	600,699
Unassigned	-	-	-	-	-	-	-	-	-	22,321,417
TOTAL GENERAL FUND	\$ 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	\$ 23,043,607
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 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	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	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	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	16,263,555
Unrestricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	8,191,945
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 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	\$ 24,455,500

Data Source

Audited Financial Statements

* The Village adopted GASB Statement No. 54 for the fiscal year ended April 30, 2012.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 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	\$ 61,855,652
Licenses and permits	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	3,618,724
Intergovernmental	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	8,297,534
Grants	300,000	774,403	602,075	562,112	266,749	312,047	1,434,215	784,744	1,528,222	1,173,358
Charges for services	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	2,030,165
Fines and fees	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	5,595,692
Contributions	-	-	-	-	-	-	10,005	-	-	-
Investment income	1,051,272	567,703	842,947	1,924,844	3,114,861	2,121,251	1,090,221	581,474	351,658	217,990
Rents and reimbursables	397,585	208,456	438,583	463,729	468,418	440,515	462,268	448,573	406,325	431,382
Miscellaneous	1,254,252	1,518,485	717,241	1,200,545	625,235	740,848	1,134,110	779,348	520,843	649,662
Total revenues	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	83,870,159
EXPENDITURES										
General government	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	5,890,843
Public safety	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	40,684,642
Highways and streets	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	9,250,565
Community development	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	5,073,806
Health and welfare	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	1,861,099
Capital outlay	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	7,053,543
Debt service										
Principal retirement	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	6,360,000
Interest and fiscal charges	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	2,199,945
Other charges	-	56,418	112,958	56,762	294,144	10,953	-	-	36,426	147,895
Total expenditures	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	78,522,338
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(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	5,347,821

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OTHER FINANCING SOURCES (USES)										
Bonds issued	\$ 4,480,549	\$ 8,365,000	\$ 20,000,000	\$ 2,235,000	\$ 36,515,000	\$ 2,100,000	\$ -	\$ 10,430,000	\$ 2,855,000	\$ 19,595,000
Bond premium (discount)	-	143,519	(71,746)	5,618	187,842	-	-	130,520	34,909	395,279
Payment to refund bond escrow	-	(8,445,024)	-	-	(16,951,117)	-	-	(8,426,288)	(2,849,266)	(19,810,106)
Transfers in	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	2,982,025
Transfers (out)	(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)	(3,582,025)
Proceeds from sale of capital assets	-	-	-	-	-	14,353	-	-	-	-
Total other financing sources (uses)	4,178,113	(267,655)	16,601,584	2,000,182	17,491,725	2,114,353	(125,000)	3,734,232	90,643	(419,827)
NET CHANGE IN FUND BALANCES	\$ (353,288)	\$ 62,067	\$ 12,196,769	\$ 2,375,191	\$ (447,870)	\$ (5,911,370)	\$ (4,010,030)	\$ (1,202,950)	\$ 3,110,195	\$ 4,927,994
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	16.91%	14.91%	13.78%	14.83%	11.51%	10.17%	11.96%	11.33%	10.70%	10.91%

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
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%	4,039,909	2012
2011	4,288,185	4,288,000	100%	4,288,000*	2013

* 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
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%	4,470,604	2012
2011	4,574,540	4,588,000	100%	4,588,000*	2013

* 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
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	802,869,636	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	2,328,125,638	808,869,919	261,967,060	679,364	3,399,641,981	10,199,945,938	1.2540
2011	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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tax rates per \$100 of EAV										
Village direct rates										
Village of Arlington Heights	0.717	0.750	0.740	0.800	0.866	0.763	0.722	0.755	0.866	N/A
Arlington Heights Memorial Library	0.412	0.426	0.391	0.387	0.411	0.371	0.350	0.353	0.388	N/A
Total Village direct rate	1.129	1.176	1.131	1.187	1.277	1.134	1.072	1.108	1.254	N/A
Overlapping rates										
County (including Forest Preserve)	0.751	0.718	0.653	0.607	0.557	0.499	0.466	0.443	0.423	N/A
Metro Reclamation District	0.371	0.361	0.347	0.315	0.284	0.263	0.252	0.261	0.274	N/A
School District #25	3.527	3.653	3.156	3.225	3.295	2.890	2.807	2.510	2.813	N/A
School District #214	1.888	1.982	1.818	1.759	1.823	1.621	1.587	1.636	1.839	N/A
School District #512	0.295	0.310	0.279	0.281	0.288	0.260	0.256	0.258	0.295	N/A
Park District's	0.458	0.516	0.466	0.453	0.461	0.404	0.379	0.392	0.450	N/A
Wheeling Township	0.040	0.047	0.042	0.041	0.043	0.038	0.038	0.039	0.043	N/A
Other	0.035	0.037	0.031	0.035	0.037	0.041	0.029	0.050	0.079	N/A
Total Tax Rate Per \$100 of EAV	8.494	8.800	7.923	7.903	8.065	7.150	6.886	6.697	7.470	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	2012			2003		
	Equalized Assessed Value*	Rank	Percentage of Total Village Equalized Assessed Valuation*	Equalized Assessed Value	Rank	Percentage of Total Village Equalized Assessed Valuation
Luther Village	\$ 40,052,410.0	1	1.178%	\$ 32,746,202	3	1.446%
Nokia Siemens Networks	34,598,662	2	1.018%			
Arlington Park Racetrack	32,498,617	3	0.956%	40,532,366	1	1.790%
Town & Country Mall	24,189,561	4	0.712%			
Stonebridge Real estate	23,256,289	5	0.684%	13,574,792	10	0.600%
Northpoint mall	22,692,133	6	0.668%	13,729,438	9	0.606%
Tanglewood Apartments	18,254,884	7	0.537%	23,576,000	5	1.041%
First American Properties	16,622,756	8	0.489%			
E Property Tax Ridge Place	14,285,905	9	0.420%	-	-	-
Robert F. Rohrman	12,742,890	10	0.375%			
Hamilton Partners	-	-	-	26,091,425	4	1.152%
Marriott	-	-	-	16,281,736	6	0.719%
Motorola	-	-	-	37,507,219	2	1.657%
200 Arlington Place	-	-	-	15,865,684	7	0.701%
Heller Rour 02186	-	-	-	14,108,938	8	0.623%
	<u>239,194,107</u>		<u>7.037%</u>	<u>234,013,800</u>		<u>10.335%</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 2010 Equalized Assessed Valuations.

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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 25,907,375	\$ 25,891,822	99.94%	\$5,190	\$ 25,897,012	99.96%
2003	26,602,030	26,538,185	99.76%	29,262	26,567,447	99.87%
2004	29,310,353	29,049,491	99.11%	91,562	29,141,053	99.42%
2005	32,956,020	32,441,906	98.44%	217,124	32,659,030	99.10%
2006	36,785,532	36,583,211	99.45%	99,942	36,683,153	99.72%
2007	38,401,657	37,660,505	98.07%	334,094	37,994,599	98.94%
2008	38,860,726	38,538,182	99.17%	7,772	38,545,954	99.19%
2009	42,700,560	41,915,785	98.16%	140,401	42,056,186	98.49%
2010	44,372,124	43,608,924	98.28%	17,799	43,626,723	98.32%
2011 (1)	21,412,517	21,020,668	98.17%	-	21,020,668	98.17%

(1) Levy year 2011 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 Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita*
	Gross General Obligation Bonds	Gross General Obligation Bonds	Capital Leases				
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	2.14%	861.37
2011	59,185,000	-	-		59,185,000	1.96%	788.07
2012	53,730,000	-	-		53,730,000	1.78%	715.44

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 177 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
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	0.56%	764.85
2012	53,730,000	1,761,874	-	51,968,126	N/A	691.98

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 168 for property value data. These ratios are calculated using levy year data.

(2) See the schedule of Demographic and Economic Information on page 177 for population data. These ratios are calculated using calendar year data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2012

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	\$ 53,730,000	100.000%	\$ 53,730,000
Village of Arlington Heights - Water and Sewer	-	100.000%	-
Total direct debt	<u>\$ 53,730,000</u>		<u>53,730,000</u>
Community College District 512	185,775,000	14.917%	27,712,057
Arlington Heights School District 25	10,165,000	96.745%	9,834,129
Cook County School District 15	49,870,000	3.270%	1,630,749
Cook County School District 21	36,510,672	23.298%	8,506,256
Cook County School District 59	13,455,000	13.627%	1,833,513
Prospect Heights School District 23	3,345,000	34.889%	1,167,037
Palatine Township High School District 211	17,255,000	0.553%	95,420
Arlington Heights School District 214	48,305,000	32.184%	15,546,481
Cook County School District 57	12,585,000	3.802%	478,482
Cook County	3,709,260,000	1.995%	73,999,737
Forest Preserve of Cook County	94,885,000	1.995%	1,892,956
Metropolitan Water Reclamation District of Greater Chicago	2,446,220,030	2.036%	49,805,040
Arlington Heights Park District	24,117,547	97.110%	23,420,550
Buffalo Grove Park District	6,060,000	14.451%	875,731
Prospect Heights Park District	9,890,841	4.998%	494,344
Mount Prospect Park District	20,136,708	2.782%	560,203
Palatine Park District	21,030,000	1.139%	239,532
Salt Creek Park District	5,096,478	31.313%	1,595,860
Total overlapping debt	<u>6,713,962,276</u>		<u>219,688,077</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 6,767,692,276</u>		<u>\$ 273,418,077</u>

* 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 2010 Equalized Assessed Valuations.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2012

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		
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	
2012	13,130,609	13,483,848	(353,239)	-	-	0.00	30,650	-	-	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
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	3,024,842,977	40,277	7.40%
2011	75,101	3,024,842,977	40,277	7.20%
2012	75,101	3,024,842,977	40,277	7.20% *

* Unemployment rate (not seasonally adjusted) through June 2012.

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	2012			2003		
	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	1,750	4.81%	4	1,520	3.81%
Nokia Siemens Networks	4	1,267	3.48%			
Lutheran Home	5	700	1.92%	9	450	1.13%
Alexian Brothers Health System	6	600	1.65%	-	-	-
Paddock Publications	7	500	1.37%	6	550	1.38%
Village of Arlington Heights	8	427	1.17%	8	473	1.19%
Pace	9	299	0.82%	-	-	-
Webber Marking System, Inc.	10	256	0.70%	-	-	-
Motorola Inc. - Cellular Phone Division	-	-	-	1	5,500	13.80%
Ameritech/IBM	-	-	-	5	900	2.26%
Market Facts	-	-	-	7	500	1.25%
Arlington Park Hilton	-	-	-	10	400	1.00%
		<u>14,299</u>	<u>39.29%</u>		<u>16,393</u>	<u>41.13%</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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL GOVERNMENT										
Manager's Office	6.00	5.00	5.50	5.50	5.50	5.50	6.50	6.50	6.00	6.00
Human Resources	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00
Legal	3.50	3.50	3.50	3.50	3.50	3.50	3.25	3.25	2.75	2.75
Finance	20.50	20.50	20.50	20.50	19.00	19.00	19.00	17.50	16.50	17.50
Village Clerk	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	6.00	6.00	6.00	6.00	6.00	5.00
GIS	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Buildings and Grounds	8.00	7.00	7.00	7.00	7.00	7.00	8.00	7.00	7.00	7.00
PUBLIC SAFETY										
Police										
Officers	113.00	113.00	113.00	113.00	113.00	113.00	114.00	114.00	109.00	109.00
Civilian	36.00	37.00	37.00	37.00	37.00	37.00	36.00	34.00	31.00	30.00
Fire										
Firefighters and Officers	102.00	102.00	102.00	103.00	102.00	111.00	111.00	111.00	108.00	108.00
Civilian	3.50	3.50	3.50	3.50	3.50	3.50	3.50	2.50	2.50	2.50
COMMUNITY DEVELOPMENT										
Planning and Community Development	12.00	12.00	11.50	11.50	11.50	11.75	11.75	11.25	9.00	9.00
Building	19.00	19.00	19.00	18.00	18.00	18.50	19.50	18.50	17.50	16.00
Engineering	15.00	14.00	13.00	13.00	13.00	13.00	13.00	12.00	10.00	10.00
HEALTH AND WELFARE										
Health Services	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	9.50
Youth Services	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	-	-
Senior Services	5.50	4.50	4.50	4.50	4.50	4.50	4.75	3.75	3.75	3.75
HIGHWAYS AND STREETS										
Public Works	48.00	43.00	42.50	42.00	42.00	42.00	42.25	42.25	37.25	35.25
OTHER PUBLIC WORKS										
Water Utility Operations	40.00	41.00	41.00	41.00	41.00	41.00	41.25	41.25	41.25	40.25
Fleet Services	12.00	11.00	11.00	11.50	10.50	10.50	10.50	10.50	10.50	10.50
TOTAL	473.00	465.00	463.50	464.00	458.50	468.25	471.75	462.75	434.50	427.00

Data Source

Village of Arlington Heights Finance Department

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012*
PUBLIC SAFETY										
Police										
Service calls	30,990	30,490	30,128	29,997	29,882	29,613	28,074	26,221	26,211	12,749
Total crime reported	5,466	5,884	5,347	5,076	4,580	5,193	4,550	3,694	3,815	1,317
Arrests	1,400	1,790	1,993	2,139	1,486	1,475	1,381	1,309	1,171	978
Citations issued	36,331	26,894	35,459	35,739	32,339	33,018	29,443	24,593	26,443	15,586
Fire										
Service calls (EMS)	5,743	6,002	5,908	6,078	6,233	6,588	6,318	6,387	6,718	3,227
Service calls (non-EMS)	2,980	2,740	3,131	2,930	3,415	3,396	3,198	3,201	3,576	1,640
PUBLIC WORKS										
Snow removal (miles)	31,233	40,507	37,089	27,089	75,529	97,185	61,049	53,418	53,188	22,910
Streets resurfaced (miles)	8.06	9.95	8.30	7.11	6.32	8.09	8.00	8.52	8.40	1.00
WATER										
Water main breaks	235	151	309	162	173	174	145	284	247	70
Sewer repairs	35	41	36	18	22	23	24	16	26	13
Average daily consumption	8.84 MGD	8.70 MGD								

Data Source

Various Village Departments

* Through June 2012

MGD - Million Gallons Daily

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PUBLIC SAFETY										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Marked police vehicles	41	41	41	38	38	48	48	49	45	45
Unmarked police vehicles	9	9	12	14	16	10	14	14	13	17
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	7	7	6	6	6
Fire ladder trucks	2	2	2	2	2	2	2	2	2	2
Rescue squads	5	2	4	4	4	4	4	3	4	4
Ambulances	6	7	6	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	1
Hazardous material vehicles	1	1	1	1	1	1	1	1	1	1
Administrative vehicles	8	8	8	8	8	9	10	11	9	9
PUBLIC WORKS										
Streets (miles)	223	223	223	223	229	229	229	229	230	230
Streetlights	3,196	3,196	3,196	3,196	3,207	3,207	3,207	3,207	3,212	3,212
Traffic signals	9,781	9,781	9,781	9,781	9,784	9,784	9,784	9,784	9,784	9,784
WATER										
Water mains (miles)	240	240	250	252	252	252	252	252	253	253
Fire hydrants	2,704	2,704	2,704	2,732	2,732	2,732	2,732	2,732	2,740	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)	223	223	225	226	226	226	226	226	227	227
Storm sewers (miles)	158	158	161	162	162	162	162	162	163	163

Data Source

Various Village Departments