

# VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Year Ended April 30, 2010



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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# INTRODUCTORY SECTION

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL OFFICERS

APRIL 30, 2010

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**VILLAGE BOARD**

Arlene J. Mulder, Village President

Carol Blackwood

Thomas W. Hayes

Norman Breyer

Bert Rosenberg

Joseph C. Farwell

John Scaletta

Thomas Glasgow

Thomas F. Stengren

**ADMINISTRATION**

Village Manager, Bill Dixon

Village Attorney ..... Jack Siegel

Village Clerk.....Edwina Corso

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

Human Resources Manager ..... Mary Rath

Assistant Village Attorney (General Counsel) .....Robin Ward

Finance Director/Treasurer ..... Thomas F. Kuehne

Chief of Police .....Gerald Mourning

Fire Chief .....Glenn Ericksen

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

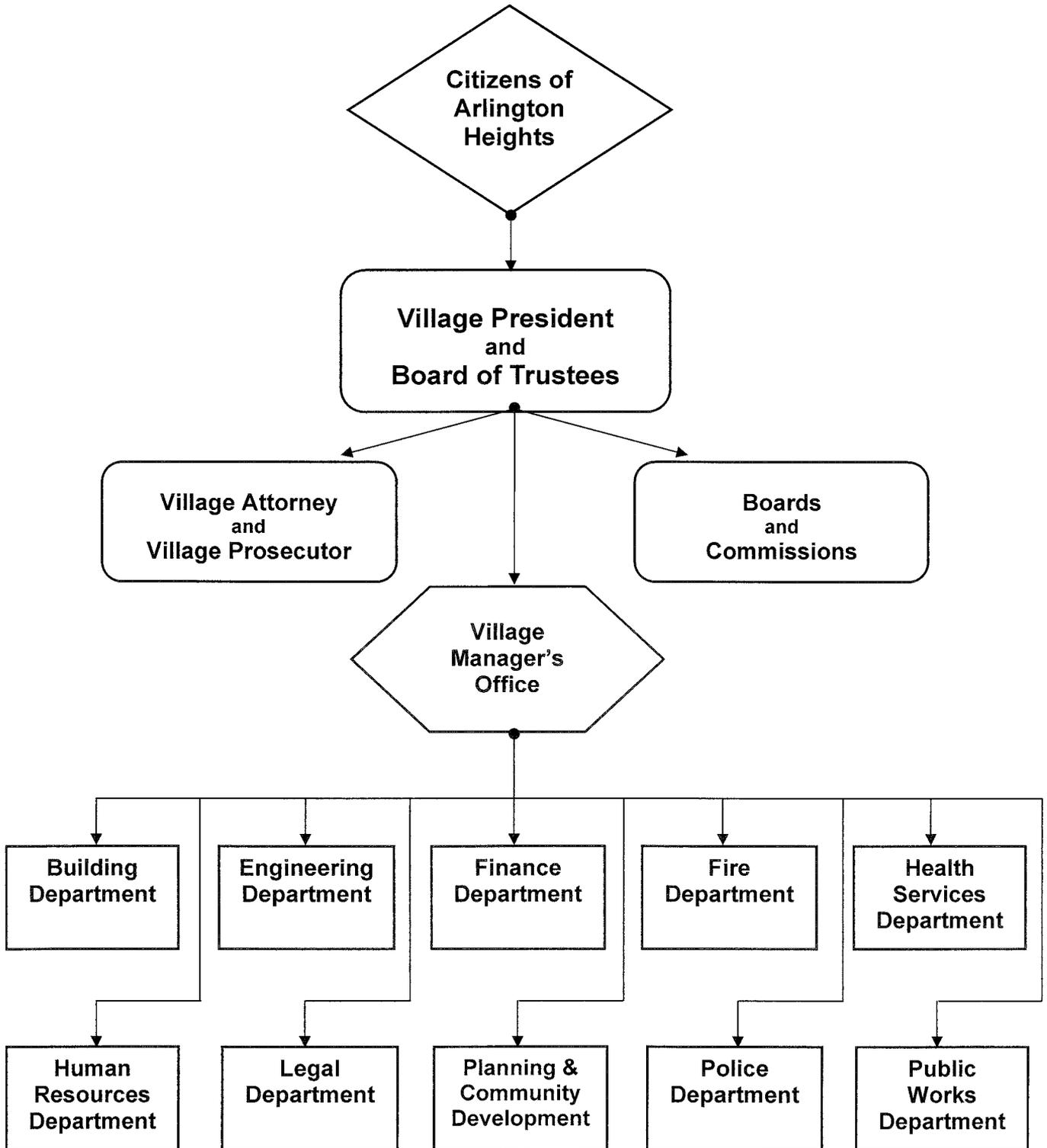
Building Director ..... Nicholas Gadzekpo

Director of Engineering ..... Jim Massarelli

Director of Health Services..... James McCalister

Public Works Director .....Scott Shirley

# Village of Arlington Heights



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Arlington Heights  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
April 30, 2009

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



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "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](http://www.vah.com)

September 10, 2010

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

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

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

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

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

## **Profile of the Village of Arlington Heights**

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

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

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

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

### **Major Initiatives**

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

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

## **Factors Affecting Financial Condition**

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

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

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

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

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

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

**Risk Management** – The Village participates in a self-insurance pool consisting of 13 area municipalities for excess liability protection, which provides \$11 million of coverage over a \$2,000,000 self-insured retention. The Village also purchased an excess liability policy that provides \$1 million of coverage, lowering our self-insured retention to \$1 million. In addition, the Village self-insures for workers’ compensation up to \$750,000 per occurrence.

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

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

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

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

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

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

Respectfully submitted,



Thomas F. Kuehne  
Finance Director/Treasurer

# FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Arlington Heights, Illinois, as of and for the year ended April 30, 2010, 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, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2010 on our consideration of Village of Arlington Heights, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

A handwritten signature in cursive script that reads "Schiel LLP".

Aurora, Illinois  
September 10, 2010

**GENERAL PURPOSE  
EXTERNAL FINANCIAL  
STATEMENTS**

# VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2010

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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 decreased by \$4.3 million (or 1.9%) during the fiscal year ending April 30, 2010. The governmental net assets decreased by \$2.1 million and the business-type activities net assets decreased by \$2.2 million.
- The Village's combined Governmental Funds ending fund balance decreased \$1.2 million as of April 30, 2010.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$16,659,395 (or 27.43%) 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, building and zoning, engineering, 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)

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### **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 16-67 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 68-80 of this report. The combining and individual fund statements for non-major governmental, enterprise and internal service funds are presented on Pages 81-145 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 decreased by \$4.3 million from FY2009, decreasing from \$224.8 million to \$220.5 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 decreased by \$2.1 million from \$163.3 million to \$161.2 million. The business-type activities net assets decreased by \$2.2 million from \$61.5 million to \$59.3 million. Table 1 reflects the condensed Statement of Net Assets compared to FY2009. 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, 2010  
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current & Other Assets	98.9	98.1	24.4	25.4	123.3	123.5
Capital Assets	175.4	178.2	35.8	37.0	211.2	215.2
<b>Total Assets</b>	<b>\$274.3</b>	<b>\$276.3</b>	<b>\$60.2</b>	<b>\$62.4</b>	<b>\$334.5</b>	<b>\$338.7</b>
<b>Liabilities</b>						
Current Liabilities	41.8	40.1	0.4	0.5	42.2	40.6
Long-Term Liabilities	71.3	72.9	0.5	0.4	71.8	73.3
<b>Total Liabilities</b>	<b>\$113.1</b>	<b>\$113.0</b>	<b>\$0.9</b>	<b>\$0.9</b>	<b>\$114.0</b>	<b>\$113.9</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	111.4	110.9	35.8	37.0	147.2	147.9
Restricted	9.2	8.2	--	--	9.2	8.2
Unrestricted	40.6	44.2	23.5	24.5	64.1	68.7
<b>Total Net Assets</b>	<b>\$161.2</b>	<b>\$163.3</b>	<b>\$59.3</b>	<b>\$61.5</b>	<b>\$220.5</b>	<b>\$224.8</b>

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)**

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**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 \$4.3 million decrease of combined net assets (which is the Village's bottom line) was the result of the governmental activities net assets decreasing by \$2.1 million and the business-type activities net assets decreasing \$2.2 million. The governmental activities total assets decreased by \$2 million and the governmental activities total liabilities increased by \$100,000.

The governmental activities total assets decrease of \$2 million is due primarily to a \$2.8 million decrease in capital assets as the Village's newer public buildings are depreciated over time. The General Fund's cash position decreased by about \$1.6 million due to revenues that came in under budget and significant pension expenditure increases. Other governmental funds had an increase in cash and investment balances amounting to about \$2.5 million. This included cash and investment increases in the combined TIF funds of about \$2.1 million, Criminal Investigations fund of about \$600,000 and the Village's Debt and Capital Projects funds of about \$400,000. These increases are netted against the cash and investment decrease in the Motor Fuel Tax (MFT) Fund of about \$600,000.

The increase in total liabilities of \$100,000 was due to an increase in current liabilities of \$1.7 million and a decrease in long-term liabilities of \$1.6 million. Current liabilities increased in part due to an \$851,000 payable to Cook County that was established to account for TIF 2 property tax increment distributed by the County for the 2009 levy, even though the 2008 levy was supposed to be the final levy year for TIF 2. The 2009 levy was subsequently corrected by the County and the change will be reflected on the second installment property tax bills. The Village refunded the monies previously disbursed by the County in June 2010. Unearned revenues also increased due to the federal drug money received but not yet spent in the Criminal Investigations fund. The decrease in long-term liabilities is the result of a few factors. During the fiscal year, the Village reduced its total bond indebtedness by \$3.2 million. The TIF V notes payable for the Town & Country redevelopment project were also paid in full reducing this liability by \$341,000. The long-term liability reductions were offset somewhat by a \$1.5 million increase for the second year recognition of the Village's other post-employment benefits (OPEB) and other compensated absence and pension obligation increases of about \$400,000. As required by the Governmental Accounting Standards Board (GASB) Statement No. 45, the Village must recognize liabilities associated with explicit and implicit post-employment benefits. The only explicit OPEB offered by the Village is 100% life-time health insurance coverage for public safety officers disabled on the job as was recently mandated by the State. The Village's implicit OPEB liability arises from implicit rate subsidies under which health care premiums are typically based on a blended premium for active employees and retirees. Under the Village's current benefit package, retirees can participate in the Village's health care plan, but must pay 100% of the premium. However, as retiree costs are

(See independent auditor's report.)

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

actuarially more significant than active employee's health care costs, the Village implicitly subsidizes the retiree rates. On a bi-annual basis, the Village must hire an actuary to calculate the value of the explicit OPEB cost and implicit subsidy.

The total assets of the business-type activities decreased by \$2.2 million from \$62.4 million to \$60.2 million. This was due to decreases in current assets and capital assets. The Water & Sewer Fund's cash position decreased by \$1 million as planned expenses exceeded revenues for the fiscal year. Capital assets also decreased by about \$1.2 million as depreciation on existing water and sewer buildings and infrastructure exceeded current year infrastructure additions. Total liabilities of business-type activities remained unchanged from year to year.

**Changes in Net Assets**

The Village's combined change in net assets decreased by \$1.2 million, from a \$3.1 million decrease to a \$4.3 million decrease in FY2010. The Village's total revenue decreased by \$3.9 million. The Village's cost of all programs decreased by \$2.7 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, 2010  
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>Revenue</b>						
Program Revenues						
Charges for Services	11.2	11.2	13.6	13.5	24.8	24.7
Operating Grants	2.8	2.8	--	--	2.8	2.8
Capital Grants	0.1	0.8	--	--	0.1	0.8
General Revenues						
Property Taxes & Replacement Taxes	29.7	30	--	--	29.7	30.0
Other Taxes	29.6	31.5	0.4	0.5	30.0	32.0
Other Revenue	1.9	2.5	0	0.4	1.9	2.9
<b>Total Revenues</b>	<b>\$75.3</b>	<b>\$78.8</b>	<b>\$14.0</b>	<b>\$14.4</b>	<b>\$89.3</b>	<b>\$93.2</b>
<b>Expenses</b>						
Governmental Activities						
General Government	7.6	8	--	--	7.6	8
Public Safety	39.9	38.5	--	--	39.9	38.5
Highways & Streets	17.5	20.7	--	--	17.5	20.7
Community Development	7	6.8	--	--	7	6.8
Health & Welfare	2.4	2.5	--	--	2.4	2.5
Interest	3	3.3	--	--	3	3.3
Business Type						
Water & Sewer	--	--	14.3	14.6	14.3	14.6
Solid Waste Disposal	--	--	1.4	1.5	1.4	1.5
Arts, Ent. & Events	--	--	0.5	0.4	0.5	0.4
<b>Total Expenses</b>	<b>\$77.4</b>	<b>\$79.8</b>	<b>\$16.2</b>	<b>\$16.5</b>	<b>\$93.6</b>	<b>\$96.3</b>
Change in Net Assets	(2.1)	(1.0)	(2.2)	(2.1)	(4.3)	(3.1)
<b>Ending Net Assets</b>	<b>\$161.2</b>	<b>\$163.3</b>	<b>\$59.3</b>	<b>\$61.5</b>	<b>\$220.5</b>	<b>\$224.8</b>

(See independent auditor's report.)

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

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**Normal Impacts on Revenues and Expenses**

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

**Revenues:**

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

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

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

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

**Expenses:**

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

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

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

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

(See independent auditor's report.)

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

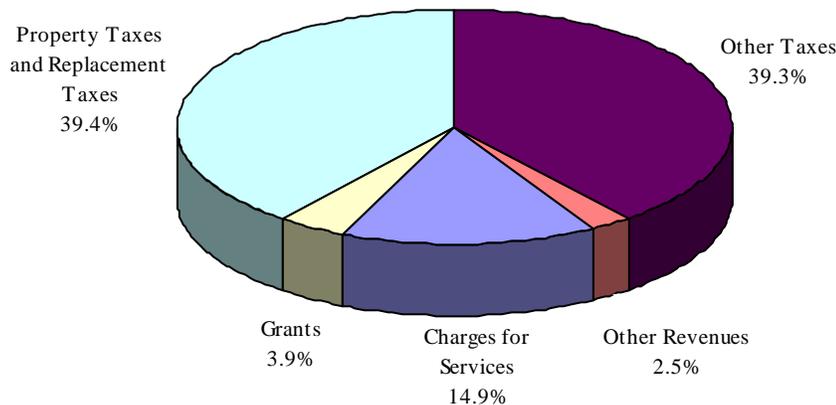
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**Current Year Impacts**

*Governmental Activities*

**Revenues:**

**FY2010 Governmental Activities  
Revenue by Source**



For the second consecutive year declining Governmental Activity revenues have caused significant financial challenges for the Village. For the fiscal year ended April 30, 2010, revenues from Governmental Activities totaled \$75.3 million, which was \$3.5 million less than the prior year total. During the fiscal year property taxes and replacement taxes continue to be the Village's largest single revenue source coming in at \$29.7 million and representing 39.4% of total Government Activity revenue. This includes property tax increment revenue generated by the Village's tax increment financing districts, which brought in \$3.9 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 \$29.6 million representing 39% of the total Governmental Activity revenue.

For the eighth consecutive year Village sales tax receipts either declined or remained relatively unchanged due to adverse economic conditions throughout the country. For FY2010, sales taxes decreased by about 9% from the prior year. To put the economic decline in a broader perspective, sales tax collections in FY2010 were over \$1.7 million less than what was collected in FY2006. On a more positive note, an auto dealer which had recently built a facility at the north end of the village has further plans to create an auto mall at this site. Once this entire site is developed and in operation, the Village expects to see future increases in its sales tax receipts.

Income tax receipts came in significantly lower than the prior year, declining by about \$900,000 due to the high state unemployment rate. Telecommunication tax receipts also decreased by about 6%, as more residents presumably opt for cell phone only service or lower cost internet phone services through their cable provider.

Property taxes decreased slightly during the year. During the 2008 tax levy which was accounted for in FY2010, police and fire pension levies increased by a combined amount of about \$267,000. To bring the overall 2008 levy increase near 0%, the general corporate levy was decreased and came in about \$200,000 less than the prior year. The remainder of the decrease is due to a lower required debt service levy and decreases in property tax increment received from the County on the Village's TIF districts.

(See independent auditor's report.)

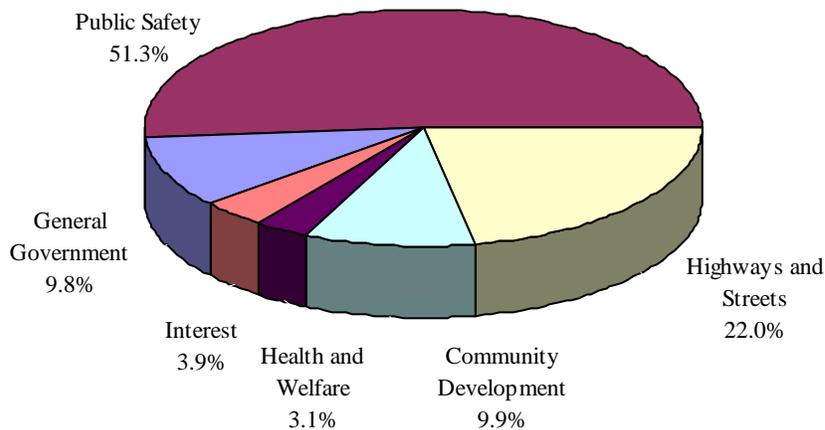
**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

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Other revenue came in \$600,000 lower than the prior year. Interest income came in about \$400,000 or 49% lower than last year, business and liquor licenses were down about \$100,000, and other miscellaneous revenues were also down about \$100,000 all due to the weak economy.

**Expenses:**

**FY2010 Governmental Activities  
Expenses by Function**



For the fiscal year ended April 30, 2010, expenses from Governmental Activities totaled \$77.4 million, a decrease of \$2.4 million or 3% lower than the prior year. This is due primarily to the significant expenditure reductions made in the Village’s General Fund in response to the economic downturn. Across all Governmental Activity functions, through attrition and layoffs the Village eliminated a total of 10 positions during the fiscal year. In addition, travel and training budgets were cut, the computer replacement schedule was extended, the tree trimming and parkway restoration programs were reduced and numerous other programs and services were reduced. The expenditure decreases were offset in part by the increase attributable to the other post-employment benefits (OPEB) liability discussed earlier.

General government expenses show a small decrease compared to the prior year. This is due in part to the elimination of positions through attrition and layoffs which reduced the year over year comparison of expenses by over \$650,000. This expense decrease was more than offset by the \$1,999,697 increase due to paying off the Illinois Municipal Retirement Fund (IMRF) Early Retirement Incentive (ERI) program that was implemented in FY2004. These results were affected further by a \$1.8 million improvement in net assets for the Village’s Internal Service Funds. Net gains for the Internal Service Funds are shown as expense decreases and net losses are shown as an expense increase in the changes in net assets for governmental activities. Health and workers’ compensation insurance claims were significantly lower than the prior year. Fleet expenses were also lower due to fewer vehicles scheduled for replacement this year as well as extending the lives of Village vehicles.

Public safety expenses increased by \$1.4 million over the prior year due primarily to salary and pension increases. Wage and fringe benefit expenses increased by \$600,000, and pension obligations as a result of the decline in the financial markets increased by about \$700,000. Highways & Streets shows a substantial decrease of \$3.2 million due in part to salary and fringe benefit decreases amounting to \$400,000 which is attributable to attrition, layoffs and unfilled vacancies. Prior year expenses were also higher than normal as a result of \$524,000 in additional salt and supermix costs due to that year’s severe winter conditions. The largest portion of the decrease is attributable to a higher level of capital projects expensed in the prior year which included the replacement of the salt dome, a portion of the work on the emergency generator at the Senior Center, the Police building lead clean-up, and the one-time inclusion of a significant Park District

(See independent auditor’s report.)

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

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sidewalk program in the Village's bidding process. The Park District covered the cost of their portion of the program.

***Business-Type Activities***

**Revenues:**

The total revenue for the business-type activities decreased by \$.4 million. This is due to normal investment income and miscellaneous revenue totaling \$300,000 being netted against the \$300,000 transfer from the Arts, Entertainment, and Events Fund to the General Fund, resulting in a zero balance for other revenue.

**Expenses:**

Expenses from business-type activities decreased by \$300,000 over the prior year due to lower personal service and capital costs.

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

***Governmental Funds***

At April 30, 2010 the Governmental Funds (as presented on Page 6) reported a combined fund balance of \$39,460,908, which is a 2.95% decrease from the beginning of the year balance of \$40,663,858. Of the total fund balance, \$29,981,773 is unreserved indicating availability for continuing Village services. Reserved fund balance of \$9,479,135 includes \$1,727,896 for highways and streets, \$1,789,843 for debt service, \$638,280 for public safety and \$5,323,116 for community development and other reserves.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund decreased by (\$1,718,498), or (8.9%), from FY2009. Revenues came in under expenditures by \$5,027,195 and other financing sources (uses) included transfers-in amounting to \$3,599,697. The transfers-in included a transfer from the Capital Projects Fund in the amount of \$1,999,697 used to pay off the balance due on the Village's IMRF ERI program. The Village sold a bond issue for street resurfacing which permitted the transfer of existing funds from the Capital Projects Fund for this purpose. During FY2010 the Village experienced a significant decline in General Fund sales, income, and hotel tax receipts due to the recession. To take into account the time necessary to cut expenditures and implement new replacement revenues, one-time transfers in were made to the General Fund from the Fleet Fund - \$400,000, Technology Fund - \$900,000, and Arts, Entertainment and Events Fund - \$300,000 during FY2010. Normal transfers-out included a (\$291,000) transfer to debt service for the NWCDS (Central Dispatch) Building.

***Proprietary Funds***

At April 30, 2010 the Proprietary Funds (as presented on Pages 10-13) total net assets decreased by \$2,213,202, or 3.3%. Due to the wet summer weather Water & Sewer Fund revenues came in lower than expected by about \$1.4 million. Expenses exceeded revenues during the year by about \$2.1 million. Proprietary Funds net assets also decreased due to the \$300,000 transfer from the Arts, Entertainment and Events Fund to the General Fund.

(See independent auditor's report.)

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Table 3: General Fund Budgetary Highlights**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
Revenues	\$ 60,729,950	\$ 60,729,950	\$ 55,703,594
Expenditures	62,008,200	64,119,727	60,730,789
Excess of Revenues			
Over Expenditures	\$ (1,278,250)	\$ (3,389,777)	\$ (5,027,195)
Other Financing Sources (Uses)	\$ (651,000)	\$ 2,948,697	\$ 3,308,697
<b>Net Changes in Fund Balance</b>	<b>\$ (1,929,250)</b>	<b>\$ (441,080)</b>	<b>\$ (1,718,498)</b>

Over the course of the fiscal year, the Village amended the General Fund expenditure budget at various times for a total of \$2,111,527, or 3.4% over the original budget. The expenditure budget amendments can be summarized as follows:

\$1,999,697	The Village paid off the remaining liability of the IMRF early retirement incentive (ERI) program due to favorable interest rates.
90,420	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>21,410</u>	Other miscellaneous budget adjustments.
<u>\$2,111,527</u>	Total General Fund budget amendments.

General Fund actual revenues ended the fiscal year \$5,026,356 less than the final budget. This significant under budget condition was due to the effect of the economic downturn on the Village's General Fund revenue base. Property and replacement taxes came in \$500,000 under budget as more property owners contested or failed to pay their tax bills. Sales and home rule sales tax receipts came in a combined \$1.8 million under budget. The Village has a number of automotive dealerships in town and this segment of the regular sales tax base has been particularly vulnerable to the poor economy. Income tax receipts came in under budget by nearly \$1.1 million as the increased state unemployment rate affected these receipts.

The Village's hotel/motel tax revenue came in about \$750,000 under budget. In December 2009 the Sheraton Chicago Northwest Hotel, the Village's largest, closed unexpectedly. While all hotels are experiencing much higher vacancies during this recession, the closure of the Sheraton will decrease hotel/motel tax revenues by about \$400,000 on an annual basis. Food & beverage and telecommunication tax receipts have also come in under budget by \$325,000 and nearly \$500,000 respectively. Interest income on investments has been hit hard by the lagging economy, coming in about \$550,000 under budget. On the plus side, in January 2010 the Village enacted new utility taxes on electricity and natural gas usage to replace some of the revenue losses outlined above. For the last quarter of the fiscal year the utility tax receipts amounted to a combined new revenue stream of \$900,000.

During FY2010 the General Fund budget was amended by \$1,999,697 to account for paying off the IMRF ERI program. This action will lower the Village's future IMRF costs. The General Fund actual expenditures ended the year \$3,388,938 less than the final budget. A good portion of this amount, or roughly \$1.6 million, is attributable to wage and fringe benefits coming in under budget. As the Village recognized that revenues were lagging, during the year vacant positions were held open if possible. Most of these vacancies and some additional positions were subsequently eliminated in the following year's FY2011 budget.

Other expenditures also came in under budget including contingency and sales tax abatements by about \$400,000. The Public Works Department had a number of line items which came in under final budget by about \$500,000 and included street and sidewalk maintenance and tree services. Total fuel costs came in about \$200,000 under budget and other charges in the Planning department came in under budget by about \$100,000 for the Economic Business

(See independent auditor's report.)

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

Development and Discover Arlington programs. Other miscellaneous expenditures came in under budget by a combined \$600,000.

The Village's total net change in fund balance decreased by \$1,718,498 as a result of revenues coming in under expenditures by (\$5,027,195), net of other financing sources (uses) totaling \$3,308,697. Other financing sources (uses) came in over budget by \$360,000 as the Village did not have to transfer the amount budgeted for a health insurance medical contingency. The health claims for FY2010 came within what was provided for in the Village's self-insured Health Insurance Fund. The final budget for Other Financing Sources (Uses) came in higher due to the transfer-in to the General Fund from the Capital Projects Fund of available monies amounting to \$1,999,697 to payoff the IMRF ERI program, and the operating transfers-in from other funds totaling \$1.6 million.

**CAPITAL ASSETS**

At the end of FY2010, the Village had a combined total of \$211.29 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 \$3.9 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)**

	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$12.93	\$12.48	\$3.12	\$3.12	\$16.05	\$15.60
Land Right-of-Way (ROW)	72.18	72.18	--	--	72.18	72.18
Construction in Progress	--	--	--	0.39	--	0.39
Buidling	75.36	77.66	12.38	12.41	87.74	90.07
Machinery & Equipment	6.00	6.52	3.07	3.31	9.07	9.83
Infrastructure (Streets)	8.98	9.37	--	--	8.98	9.37
Underground Systems (Water & Sewer)	--	--	17.27	17.75	17.27	17.75
<b>Total Net Assets</b>	<b>\$175.45</b>	<b>\$178.21</b>	<b>\$35.84</b>	<b>\$36.98</b>	<b>\$211.29</b>	<b>\$215.19</b>

(See independent auditor's report.)

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

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

	<b>Governmental Activities</b>	<b>Busines-Type Activities</b>	<b>Total</b>
<b>Beginning Balance</b>	\$178.21	\$36.98	\$215.19
<b>Additions</b>			
Depreciable	1.23	0.91	2.14
Non-Depreciable	0.45	--	0.45
CIP	--	--	--
<b>Retirements</b>			
Depreciable	(.70)	--	(.70)
Non-Depreciable	--	--	--
CIP	--	(.39)	(.39)
<b>Depreciation</b>	(4.47)	(1.66)	(6.13)
Retiement	0.73	--	0.73
<b>Ending Balance</b>	<b>175.45</b>	<b>35.84</b>	<b>211.29</b>

The governmental activities net capital assets decreased by \$2.76 million or 1.5%. For business-type activities, the capital assets net of depreciation decreased by \$1.14 million or 3%. These decreases are due primarily to depreciation on existing assets.

**DEBT OUTSTANDING**

As of April 30, 2010 total General Obligation Bonds outstanding for governmental activities amounted to \$64.7 million. Of this amount, \$17.1 million is for flood control and Library building purposes, \$36.9 million for reconstruction of public buildings, \$3.5 million for TIF projects, \$3.0 million for the NWCDS building, \$2.2 million for the Senior Center, and \$2 million for street resurfacing. The Village, under its home rule authority, does not have a legal debt limit. The Village's bond rating was increased from Aa2 to Aa1 by Moody's Investors Service in July 2010 and reaffirmed in September 2010 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 FY2011 BUDGET**

This fiscal year marked the second consecutive year that the Village's General Fund ended with a deficit. This followed a period of five straight years of surpluses. This operating fund pays for most Village services, except for water and sewer expenses. The financial stability of the General Fund was altered significantly by the severe economic downturn that for the Village began in the fall of 2008. Many of this fund's revenue sources are dependent on the economy. As a direct result of the economic collapse, the Village has been experiencing unprecedented decreases in sales and income tax receipts and other decreases in revenue. Sales tax receipts represent about 23% of total General Fund revenues and income tax receipts account for about 10% of the total.

(See independent auditor's report.)

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

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As the last quarter of FY2010 progressed and as FY2011 has begun to unfold, the Village has continued to monitor closely the General Fund's revenue results. As was done in the prior year, the Village will make advance preparations to provide for an early financial review of the General Fund. Although the Village currently has sufficient reserves, we are projecting that very slow, moderate growth won't occur until after April 30, 2011, which is the end of the Village's FY2011. In the meantime, the Village plans to draw on reserves, review available revenue options, and make expenditure cuts needed to sustain the Village's core services and to maintain an adequate fund balance.

**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, 2010

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Arlington Heights Memorial Library
<b>ASSETS</b>				
Cash and investments	\$ 67,558,995	\$ 7,851,658	\$ 75,410,653	\$ 12,170,961
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	15,032,678	-	15,032,678	6,205,313
Other taxes	7,051,765	-	7,051,765	-
Customer accounts	-	1,618,980	1,618,980	-
Accrued interest	187,913	28,941	216,854	32,330
CDBG rehabilitation loans	2,250,808	-	2,250,808	-
Grants	228,678	-	228,678	78,623
Other	774,889	-	774,889	-
Prepaid expenses	147,001	125,509	272,510	19,220
Inventory	154,460	256,680	411,140	-
Due from other governments	357,158	-	357,158	-
Due from fiduciary funds	3,041,116	-	3,041,116	-
Deferred charges	483,661	-	483,661	-
Net pension asset	1,587,356	-	1,587,356	-
Investment in joint venture	-	14,454,669	14,454,669	-
Capital assets not being depreciated	85,109,314	3,124,150	88,233,464	142,378
Capital assets being depreciated (net of accumulated depreciation)	90,339,197	32,717,972	123,057,169	7,786,214
<b>Total assets</b>	<b>274,304,989</b>	<b>60,178,559</b>	<b>334,483,548</b>	<b>26,435,039</b>
<b>LIABILITIES</b>				
Accounts payable	2,438,340	293,611	2,731,951	315,963
Accrued payroll	579,594	88,360	667,954	184,588
Payroll taxes payable	479,331	-	479,331	-
Claims payable	3,229,759	-	3,229,759	-
Due to other governments	850,651	-	850,651	-
Accrued interest payable	1,117,332	-	1,117,332	-
Unearned revenues	33,147,595	-	33,147,595	12,899,578
Noncurrent liabilities				
Due within one year	5,873,509	55,216	5,928,725	-
Due in more than one year	65,376,186	449,058	65,825,244	630,216
<b>Total liabilities</b>	<b>113,092,297</b>	<b>886,245</b>	<b>113,978,542</b>	<b>14,030,345</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	111,371,613	35,842,122	147,213,735	7,928,592
Restricted for				
Public safety	638,280	-	638,280	-
Highways and streets	1,727,896	-	1,727,896	-
Community development	5,114,632	-	5,114,632	-
Debt service	1,789,843	-	1,789,843	-
Culture, recreation and education	-	-	-	4,476,102
Unrestricted	40,570,428	23,450,192	64,020,620	-
<b>TOTAL NET ASSETS</b>	<b>\$ 161,212,692</b>	<b>\$ 59,292,314</b>	<b>\$ 220,505,006</b>	<b>\$ 12,404,694</b>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 7,563,734	\$ 4,434,038	\$ 200,122	\$ -
Public safety	39,868,746	2,864,781	239,950	108,675
Highways and streets	17,504,839	2,892,202	1,941,816	-
Community development	7,016,350	976,909	427,462	-
Health and welfare	2,413,690	56,974	-	-
Interest	3,037,995	-	-	-
<b>Total governmental activities</b>	<b>77,405,354</b>	<b>11,224,904</b>	<b>2,809,350</b>	<b>108,675</b>
Business-Type Activities				
Water and sewer	14,305,939	11,908,829	-	-
Solid waste disposal	1,422,141	1,627,737	-	-
Arts, entertainment and events	440,953	30,375	-	-
<b>Total business-type activities</b>	<b>16,169,033</b>	<b>13,566,941</b>	<b>-</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 93,574,387</b>	<b>\$ 24,791,845</b>	<b>\$ 2,809,350</b>	<b>\$ 108,675</b>
<b>COMPONENT UNIT</b>				
Arlington Heights Memorial Library	\$ 12,793,478	\$ 265,932	\$ 244,936	\$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Arlington Heights Memorial Library
	\$ (2,929,574)	\$ -	\$ (2,929,574)	\$ -
	(36,655,340)	-	(36,655,340)	-
	(12,670,821)	-	(12,670,821)	-
	(5,611,979)	-	(5,611,979)	-
	(2,356,716)	-	(2,356,716)	-
	(3,037,995)	-	(3,037,995)	-
	(63,262,425)	-	(63,262,425)	-
	-	(2,397,110)	(2,397,110)	-
	-	205,596	205,596	-
	-	(410,578)	(410,578)	-
	-	(2,602,092)	(2,602,092)	-
	(63,262,425)	(2,602,092)	(65,864,517)	-
	-	-	-	(12,282,610)
General Revenues				
Taxes				
Property	29,321,029	-	29,321,029	12,212,548
Income	6,111,105	-	6,111,105	-
Sales	9,570,850	-	9,570,850	-
Home rule sales	5,139,660	-	5,139,660	-
Replacement	411,138	-	411,138	-
Use	915,224	-	915,224	-
Telecommunications	4,158,597	-	4,158,597	-
Utility	917,319	-	917,319	-
Hotel/motel	893,169	-	893,169	-
Food and beverage	1,681,355	419,219	2,100,574	-
Foreign fire insurance	104,658	-	104,658	-
Other	46,465	-	46,465	-
Investment income	581,468	116,958	698,426	117,466
Miscellaneous	1,018,158	152,713	1,170,871	58,370
Transfers	300,000	(300,000)	-	-
Total	61,170,195	388,890	61,559,085	12,388,384
CHANGE IN NET ASSETS	(2,092,230)	(2,213,202)	(4,305,432)	105,774
NET ASSETS, MAY 1	163,304,922	61,505,516	224,810,438	12,298,920
NET ASSETS, APRIL 30	\$ 161,212,692	\$ 59,292,314	\$ 220,505,006	\$ 12,404,694

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

April 30, 2010

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
<b>ASSETS</b>					
Cash and investments	\$ 17,362,993	\$ 5,577,464	\$ 7,168,436	\$ 17,407,599	\$ 47,516,492
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	9,403,129	3,383,974	1,136,381	1,109,194	15,032,678
Other taxes	6,884,864	-	-	166,901	7,051,765
Accrued interest	47,567	23,550	15,348	36,211	122,676
CDBG rehabilitation loans	-	-	-	2,250,808	2,250,808
Grants	-	-	-	228,678	228,678
Other	720,846	-	-	54,043	774,889
Prepaid items	132,615	-	-	4,000	136,615
Due from other funds	220,000	-	-	-	220,000
Due from fiduciary funds	3,041,116	-	-	-	3,041,116
Due from other governments	-	-	357,158	-	357,158
Inventory	71,869	-	-	-	71,869
<b>TOTAL ASSETS</b>	<b>\$ 37,884,999</b>	<b>\$ 8,984,988</b>	<b>\$ 8,677,323</b>	<b>\$ 21,257,434</b>	<b>\$ 76,804,744</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 995,037	\$ -	\$ 99,010	\$ 1,007,022	\$ 2,101,069
Accrued payroll	533,144	-	-	12,046	545,190
Payroll taxes payable	479,331	-	-	-	479,331
Deferred property taxes	18,244,026	7,195,145	2,416,221	2,376,000	30,231,392
Deferred revenue	13,498	-	-	2,902,705	2,916,203
Due to other funds	-	-	-	220,000	220,000
Due to other governments	-	-	-	850,651	850,651
<b>Total liabilities</b>	<b>20,265,036</b>	<b>7,195,145</b>	<b>2,515,231</b>	<b>7,368,424</b>	<b>37,343,836</b>
<b>FUND BALANCES</b>					
Reserved for prepaid items	132,615	-	-	4,000	136,615
Reserved for inventory	71,869	-	-	-	71,869
Reserved for debt service	-	1,789,843	-	-	1,789,843
Reserved for public safety	-	-	-	638,280	638,280
Reserved for highways and streets	-	-	-	1,727,896	1,727,896
Reserved for community development	-	-	-	5,114,632	5,114,632
Unreserved					
Designated - General Fund	756,084	-	-	-	756,084
Designated - Special Revenue Funds	-	-	-	4,698,606	4,698,606
Undesignated - General Fund	16,659,395	-	-	-	16,659,395
Undesignated					
Special Revenue Funds	-	-	-	1,705,596	1,705,596
Capital Projects Funds	-	-	6,162,092	-	6,162,092
<b>Total fund balances</b>	<b>17,619,963</b>	<b>1,789,843</b>	<b>6,162,092</b>	<b>13,889,010</b>	<b>39,460,908</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,884,999</b>	<b>\$ 8,984,988</b>	<b>\$ 8,677,323</b>	<b>\$ 21,257,434</b>	<b>\$ 76,804,744</b>

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, 2010

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 39,460,908
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	175,448,511
Less internal service funds	(5,751,822)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(64,690,000)
Unamortized premium on bonds	(293,065)
Unamortized discount on bonds	96,561
Unamortized loss on refunding of bonds	809,607
Net pension obligation	(1,029,177)
Net other postemployment benefits obligation	(2,872,722)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in governmental funds	(2,973,407)
Deferred charges is reported as an asset on the statement of net assets	483,661
Accrued interest on long-term liabilities is reported as a liability on the statement of net assets	(1,117,332)
The net pension asset of the firefighters' pension fund is included in the governmental activities in the statement of net assets	1,587,356
The net assets of the internal service funds are included in the governmental activities in the statement of net assets	<u>22,053,613</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 161,212,692</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, 2010

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
<b>REVENUES</b>					
Taxes	\$ 44,416,031	\$ 7,175,004	\$ 3,701,004	\$ 3,873,874	\$ 59,165,913
Licenses and permits	3,644,510	-	-	-	3,644,510
Intergovernmental	-	-	-	2,237,939	2,237,939
Grants	357,282	-	-	427,462	784,744
Charges for services	1,960,514	-	-	-	1,960,514
Fines and fees	4,301,459	-	-	1,108,650	5,410,109
Investment income	205,407	64,327	97,428	214,312	581,474
Rents and reimbursables	448,573	-	-	-	448,573
Miscellaneous	369,818	-	359,014	50,516	779,348
<b>Total revenues</b>	<b>55,703,594</b>	<b>7,239,331</b>	<b>4,157,446</b>	<b>7,912,753</b>	<b>75,013,124</b>
<b>EXPENDITURES</b>					
Current					
General government	7,875,528	-	-	-	7,875,528
Public safety	37,052,156	-	-	457,745	37,509,901
Highways and streets	8,341,525	-	-	1,174,386	9,515,911
Community development	5,117,338	-	-	476,630	5,593,968
Health and welfare	2,344,242	-	-	-	2,344,242
Capital outlay	-	-	4,553,805	3,687,266	8,241,071
Debt service					
Principal retirement	-	5,445,000	-	388,691	5,833,691
Interest and fiscal charges	-	2,970,559	46,000	19,435	3,035,994
<b>Total expenditures</b>	<b>60,730,789</b>	<b>8,415,559</b>	<b>4,599,805</b>	<b>6,204,153</b>	<b>79,950,306</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,027,195)</b>	<b>(1,176,228)</b>	<b>(442,359)</b>	<b>1,708,600</b>	<b>(4,937,182)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued, at par	-	8,380,000	2,050,000	-	10,430,000
Premium on bonds issued	-	105,632	24,888	-	130,520
Payment to escrow agent	-	(8,426,288)	-	-	(8,426,288)
Transfers in	3,599,697	960,400	60,000	-	4,620,097
Transfers (out)	(291,000)	-	(1,999,697)	(729,400)	(3,020,097)
<b>Total other financing sources (uses)</b>	<b>3,308,697</b>	<b>1,019,744</b>	<b>135,191</b>	<b>(729,400)</b>	<b>3,734,232</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,718,498)</b>	<b>(156,484)</b>	<b>(307,168)</b>	<b>979,200</b>	<b>(1,202,950)</b>
<b>FUND BALANCES, MAY 1</b>	<b>19,338,461</b>	<b>1,946,327</b>	<b>6,469,260</b>	<b>12,909,810</b>	<b>40,663,858</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 17,619,963</b>	<b>\$ 1,789,843</b>	<b>\$ 6,162,092</b>	<b>\$ 13,889,010</b>	<b>\$ 39,460,908</b>

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, 2010

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,202,950)
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	1,675,683
Less internal service funds	(745,957)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	5,833,691
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	8,426,288
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	(10,430,000)
Premium on bonds issued	(130,520)
Issuance costs on bonds are capitalized and amortized in the statement of activities	95,590
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	51,655
The amortization of premium on long-term debt is reported as a reduction of expense on the statement of activities	44,708
The amortization of discount on long-term debt is reported as an expense on the statement of activities	(9,815)
The amortization of the loss on refunding is reported as an expense on the statement of activities	(124,574)
The amortization of deferred charges is reported as an expense on the statement of activities	(60,853)
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	(4,465,845)
Less internal service funds	1,118,346
Increase in compensated absences liability	(11,422)
Less internal service funds	(13,633)
Decrease in net pension asset	(284,720)
Increase in net pension obligation	(441,591)
Increase in net other postemployment benefits obligation	(1,432,908)
The change in net assets of internal service funds is reported in governmental funds	<u>16,597</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,092,230)</u>

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

April 30, 2010

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 5,736,567	\$ 2,115,091	\$ 7,851,658	\$ 20,042,503
Receivables				
Customer accounts	1,547,370	71,610	1,618,980	-
Accrued interest	23,664	5,277	28,941	65,237
Prepaid expenses	-	125,509	125,509	10,386
Inventory	256,680	-	256,680	82,591
Total current assets	<u>7,564,281</u>	<u>2,317,487</u>	<u>9,881,768</u>	<u>20,200,717</u>
<b>NONCURRENT ASSETS</b>				
Capital assets				
Nondepreciable capital assets	2,648,950	475,200	3,124,150	-
Depreciable capital assets	98,402,494	2,514,999	100,917,493	16,288,235
Accumulated depreciation	(67,694,322)	(505,199)	(68,199,521)	(10,536,413)
Net capital assets	<u>33,357,122</u>	<u>2,485,000</u>	<u>35,842,122</u>	<u>5,751,822</u>
Other assets				
Investment in joint venture	14,454,669	-	14,454,669	-
Total other assets	<u>14,454,669</u>	<u>-</u>	<u>14,454,669</u>	<u>-</u>
Total noncurrent assets	<u>47,811,791</u>	<u>2,485,000</u>	<u>50,296,791</u>	<u>5,751,822</u>
Total assets	<u>55,376,072</u>	<u>4,802,487</u>	<u>60,178,559</u>	<u>25,952,539</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	289,629	3,982	293,611	337,271
Accrued payroll	88,360	-	88,360	34,404
Claims payable	-	-	-	3,229,759
Compensated absences payable	55,216	-	55,216	26,168
Total current liabilities	<u>433,205</u>	<u>3,982</u>	<u>437,187</u>	<u>3,627,602</u>
<b>LONG-TERM LIABILITIES</b>				
Compensated absences payable	312,887	-	312,887	148,284
Net other postemployment benefits obligation	136,171	-	136,171	123,040
Total long-term liabilities	<u>449,058</u>	<u>-</u>	<u>449,058</u>	<u>271,324</u>
Total liabilities	<u>882,263</u>	<u>3,982</u>	<u>886,245</u>	<u>3,898,926</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	33,357,122	2,485,000	35,842,122	5,751,822
Unrestricted	21,136,687	2,313,505	23,450,192	16,301,791
TOTAL NET ASSETS	<u>\$ 54,493,809</u>	<u>\$ 4,798,505</u>	<u>\$ 59,292,314</u>	<u>\$ 22,053,613</u>

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, 2010

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
<b>OPERATING REVENUES</b>				
Charges for services	\$ 11,908,829	\$ 1,658,112	\$ 13,566,941	\$ 16,162,690
Fines	-	-	-	31,992
Miscellaneous	118,281	34,432	152,713	292,297
Total operating revenues	12,027,110	1,692,544	13,719,654	16,486,979
<b>OPERATING EXPENSES</b>				
Operations	12,734,290	1,777,345	14,511,635	14,483,241
Depreciation	1,571,649	85,749	1,657,398	1,118,346
Total operating expenses	14,305,939	1,863,094	16,169,033	15,601,587
OPERATING INCOME (LOSS)	(2,278,829)	(170,550)	(2,449,379)	885,392
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	83,884	33,074	116,958	284,559
Food and beverage tax	-	419,219	419,219	-
Gain on disposal of capital assets	-	-	-	146,646
Total nonoperating revenues (expenses)	83,884	452,293	536,177	431,205
INCOME (LOSS) BEFORE TRANSFERS	(2,194,945)	281,743	(1,913,202)	1,316,597
<b>TRANSFERS</b>				
Transfers in	-	-	-	517,679
Transfers (out)	-	(300,000)	(300,000)	(1,817,679)
Total transfers	-	(300,000)	(300,000)	(1,300,000)
CHANGE IN NET ASSETS	(2,194,945)	(18,257)	(2,213,202)	16,597
NET ASSETS, MAY 1	56,688,754	4,816,762	61,505,516	22,037,016
NET ASSETS, APRIL 30	\$ 54,493,809	\$ 4,798,505	\$ 59,292,314	\$ 22,053,613

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2010

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 11,984,754	\$ 1,689,779	\$ 13,674,533	\$ -
Receipts from internal services	(1,207,879)	-	(1,207,879)	16,486,979
Payments to suppliers	(6,238,584)	(1,777,162)	(8,015,746)	(12,729,406)
Payments to employees	(5,133,830)	-	(5,133,830)	(2,188,284)
Net cash from operating activities	(595,539)	(87,383)	(682,922)	1,569,289
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund transfers	-	(300,000)	(300,000)	(1,300,000)
Food and beverage tax receipts	-	419,219	419,219	-
Net cash from noncapital financing activities	-	119,219	119,219	(1,300,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(518,512)	-	(518,512)	(745,957)
Proceeds from the disposal of capital assets	-	-	-	125,751
Net cash from capital and related financing activities	(518,512)	-	(518,512)	(620,206)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	114,691	44,295	158,986	381,354
Net cash from investing activities	114,691	44,295	158,986	381,354
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(999,360)	76,131	(923,229)	30,437
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<b>6,735,927</b>	<b>2,038,960</b>	<b>8,774,887</b>	<b>20,012,066</b>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<b>\$ 5,736,567</b>	<b>\$ 2,115,091</b>	<b>\$ 7,851,658</b>	<b>\$ 20,042,503</b>

(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, 2010

	Business-Type Activities			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (2,278,829)	\$ (170,550)	\$ (2,449,379)	\$ 885,392
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	1,571,649	85,749	1,657,398	1,118,346
Income from investment in joint venture	17,229	-	17,229	-
Change in assets and liabilities				
Receivables	(42,356)	(2,765)	(45,121)	-
Prepaid expenses	1,961	(1,524)	437	1,852
Inventories	146,399	-	146,399	(1,795)
Accounts payable	(80,929)	1,707	(79,222)	(261,907)
Accrued payroll	21,036	-	21,036	4,356
Compensated absences payable	(19,621)	-	(19,621)	13,633
Net other postemployment benefit payable	67,922	-	67,922	61,372
Claims payable	-	-	-	(251,960)
NET CASH FROM OPERATING ACTIVITIES	\$ (595,539)	\$ (87,383)	\$ (682,922)	\$ 1,569,289

See accompanying notes to financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

April 30, 2010

	Pension Trust	Agency
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,279,820	\$ 1,576,758
Investments		
U.S. government and agency obligations	64,938,265	-
Equity securities	20,398,161	-
Insurance contracts	24,297,305	-
Illinois Funds	3,740,499	-
Mutual funds	12,343,145	-
Municipal bonds	2,744,998	-
Receivables		
Accrued interest	528,886	3,108
Other	9,391	273,482
	<u>          </u>	<u>          </u>
Total assets	133,280,470	<u>\$ 1,853,348</u>
<b>LIABILITIES</b>		
Accounts payable	48	\$ 5,876
Deposits payable	-	1,842,671
Due to other funds	3,041,116	-
Other payables	-	4,801
	<u>          </u>	<u>          </u>
Total liabilities	3,041,164	<u>\$ 1,853,348</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 130,239,306</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, 2010

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ADDITIONS

Contributions

Employer	\$ 5,686,000
Participants	1,819,697
Other	<u>21,762</u>

Total contributions 7,527,459

Investment income

Net appreciation in fair value of investments	15,991,583
Interest income	<u>3,828,287</u>

Subtotal 19,819,870

Less investment expense (349,101)

Net investment income 19,470,769

Total additions 26,998,228

DEDUCTIONS

Administrative	98,868
Pension benefits and refunds	<u>7,621,166</u>

Total deductions 7,720,034

NET INCREASE 19,278,194

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

May 1 110,961,112

April 30 \$ 130,239,306

See accompanying notes to financial statements.

# VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

April 30, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Reporting Entity

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

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

#### Police Pension Employees Retirement System

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension System

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

Discretely Presented Component Unit - Arlington Heights Memorial Library

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

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

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

Joint Ventures

Northwest Water Commission (NWWC)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Joint Ventures (Continued)

Solid Waste Agency of Northern Cook County (SWANCC)

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

b. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary and fiduciary.

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

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds and agency funds which are generally used to account for assets that the Village holds in fiduciary capacity or on behalf of others as their agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

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

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

The Village reports the following fiduciary funds:

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (agency funds have no measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

e. Cash and Investments

Cash and Cash Equivalents

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments

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

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

f. Interfund Receivables/Payables

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

g. Inventories

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

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

i. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balances/Net Assets

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

m. Interfund Transactions

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

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

n. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value) and Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The Village's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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

Deposits with Financial Institutions

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

Investments

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

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 2,991,070	\$ 2,991,070	\$ -	\$ -	\$ -
Illinois Metropolitan Investment Fund	20,077,761	-	20,077,761	-	-
<b>TOTAL</b>	<b>\$ 23,068,831</b>	<b>\$ 2,991,070</b>	<b>\$ 20,077,761</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

Investments (Continued)

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

b. Police Pension Fund Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value) and IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Deposits with Financial Institutions

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

Investments

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

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 21,620,861	\$ 3,156,851	\$ 8,238,110	\$ 7,881,737	\$ 2,344,163
U.S. agency obligations	16,122,546	251,574	3,787,695	8,010,033	4,073,244
Illinois Funds	1,570,635	1,570,635	-	-	-
<b>TOTAL</b>	<b>\$ 39,314,042</b>	<b>\$ 4,979,060</b>	<b>\$ 12,025,805</b>	<b>\$ 15,891,770</b>	<b>\$ 6,417,407</b>

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Investments (Continued)

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

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

c. Firefighters' Pension Fund Deposits and Investments

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value) and IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits with Financial Institutions

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

Investments

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

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 10,447,102	\$ -	\$ 2,118,233	\$ 4,416,107	\$ 3,912,762
U.S. agency obligations	16,747,756	758,438	6,840,288	4,565,420	4,583,610
Municipal bonds	2,744,998	-	1,367,402	880,675	496,921
Illinois Funds	2,169,864	2,169,864	-	-	-
<b>TOTAL</b>	<b>\$ 32,109,720</b>	<b>\$ 2,928,302</b>	<b>\$10,325,923</b>	<b>\$ 9,862,202</b>	<b>\$ 8,993,293</b>

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

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

Investments (Continued)

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

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

3. RECEIVABLES

a. Property Taxes

Property taxes for 2009 attach as an enforceable lien on January 1, 2009, 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, 2010 and August 1, 2010, and are payable in two installments, on or about March 1, 2010 and September 1, 2010. 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 2009 tax levy is intended to fund expenditures for the 2010-2011 fiscal year, these taxes are deferred as of April 30, 2010.

The 2010 tax levy, which attached as an enforceable lien on property as of January 1, 2010, has not been recorded as a receivable as of April 30, 2010 as the tax has not yet been levied by the Village and will not be levied until December 2010 and, therefore, the levy is not measurable at April 30, 2010.

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, 2010:

Fund	Description	Amount
General	Municipal sales tax	\$ 2,215,980
	Home rule sales tax	1,071,473
	State income tax	2,123,840
	State use tax	228,378
	Telecommunications tax	1,032,457
	Food and beverage tax	132,867
	Hotel tax	77,540
	Auto rental	2,329
	Total General	<u>6,884,864</u>
Special Revenue		
Motor Fuel Tax	Motor fuel tax allotments	<u>166,901</u>
	Total Special Revenue	<u>166,901</u>
TOTAL GOVERNMENTAL FUNDS		<u>\$ 7,051,765</u>

c. Other Receivables

Other receivables are comprised of the following at April 30, 2010:

Fund	Description	Amount
General	Cable franchise fees	\$ 315,799
	Traffic fines	38,066
	SWANCC service charge	25,000
	Grants	37,253
	Gas tax rebate	14,281
	Utility taxes	217,917
	Liquor licenses	72,487
	Miscellaneous	43
	Total General	<u>720,846</u>

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

3. RECEIVABLES (Continued)

c. Other Receivables (Continued)

Fund	Description	Amount
Special Revenue		
Municipal Parking Operations	Parking permits	\$ 54,043
	Total Special Revenue	<u>54,043</u>
TOTAL GOVERNMENTAL FUNDS		<u>\$ 774,889</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%	\$ 2,181,367	\$ 118,198	\$ 48,757	-	\$ 2,250,808

5. CAPITAL ASSETS

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

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 12,479,990	\$ 445,000	-	\$ 12,924,990
Land rights of way	72,184,324	-	-	72,184,324
Total capital assets not being depreciated	<u>84,664,314</u>	445,000	-	<u>85,109,314</u>

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

5. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
(Continued)				
Capital assets being depreciated				
Buildings and improvements	\$ 101,224,358	\$ 225,955	\$ -	\$ 101,450,313
Machinery, equipment and vehicles	21,683,725	797,728	700,666	21,780,787
Infrastructure	47,639,324	207,000	-	47,846,324
Total capital assets being depreciated	170,547,407	1,230,683	700,666	171,077,424
Less accumulated depreciation for				
Buildings and improvements	23,562,231	2,532,757	-	26,094,988
Machinery, equipment and vehicles	15,162,631	1,340,070	725,611	15,777,090
Infrastructure	38,273,131	593,018	-	38,866,149
Total accumulated depreciation	76,997,993	4,465,845	725,611	80,738,227
Total capital assets being depreciated, net	93,549,414	(3,235,162)	(24,945)	90,339,197
<b>GOVERNMENTAL ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 178,213,728	\$ (2,790,162)	\$ (24,945)	\$ 175,448,511

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

<b>GOVERNMENTAL ACTIVITIES</b>		
General government		\$ 669,739
Public safety		921,914
Highways and streets		2,381,217
Community development		465,634
Health and welfare		27,341
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>		<b>\$ 4,465,845</b>

	Balances May 1	Increases	Decreases	Balances April 30
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 3,124,150	\$ -	\$ -	\$ 3,124,150
Construction in progress	386,888	-	386,888	-
Total capital assets not being depreciated	3,511,038	-	386,888	3,124,150
Capital assets being depreciated				
Buildings and improvements	18,806,175	434,000	-	19,240,175
Machinery and equipment	5,654,781	-	-	5,654,781
Underground systems	75,551,137	471,400	-	76,022,537
Total capital assets being depreciated	100,012,093	905,400	-	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
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>(Continued)</b>				
Less accumulated depreciation for				
Buildings and improvements	\$ 6,396,508	\$ 460,199	\$ -	\$ 6,856,707
Machinery and equipment	2,341,614	250,517	-	2,592,131
Underground systems	57,804,001	946,682	-	58,750,683
Total accumulated depreciation	<u>66,542,123</u>	<u>1,657,398</u>	<u>-</u>	<u>68,199,521</u>
 Total capital assets being depreciated, net	 <u>33,469,970</u>	 <u>(751,998)</u>	 <u>-</u>	 <u>32,717,972</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	<u>\$ 36,981,008</u>	<u>\$ (751,998)</u>	<u>\$ 386,888</u>	<u>\$ 35,842,122</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 2010 from the coverage amounts in effect for 2009. 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 2008 through 2010.

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, 2008	\$ 736,980	\$ 1,219,590	\$ 1,324,076	\$ 3,280,646
Claims incurred - 2009	5,778,674	264,576	1,287,614	7,330,864
Claim payment - 2009	(5,691,779)	(195,000)	(1,243,012)	(7,129,791)
UNPAID CLAIMS LIABILITY - APRIL 30, 2009	823,875	1,289,166	1,368,678	3,481,719
Claims incurred/adjustments - 2010	5,464,722	314,977	870,308	6,650,007
Claim payment - 2010	(5,420,157)	(517,162)	(964,648)	(6,901,967)
UNPAID CLAIMS LIABILITY - APRIL 30, 2010	\$ 868,440	\$ 1,086,981	\$ 1,274,338	\$ 3,229,759

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.

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. Redevelopment Note

The Village entered into a redevelopment note with the developer of the Town and Country Mall Redevelopment Project pursuant to the redevelopment agreement dated May 5, 2005. The Village issued the redevelopment note for the purpose of reimbursing certain eligible redevelopment costs, plus interest, that the developer incurs in accordance with the redevelopment agreement. The principal amount of the redevelopment note is \$2,100,000 and bears interest at 5% per annum. In accordance with the terms of the redevelopment agreement, project tax increment generated by the Town and Country Mall Redevelopment Project area deposited and available after the annual payment on the TIF Bonds, shall be paid to the developer annually by the Village upon written request by the developer starting not later than the December 1<sup>st</sup> following the date of issuance, and thereafter on December 1<sup>st</sup> of each year until the maturity date. The note matures on the earlier of May 25, 2025 or when all principal and interest are paid in full.

The note was paid off during the fiscal year ended April 30, 2010.

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

7. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES						
\$12,920,000 General Obligation Refunding Bonds, Series 2001 due in annual installments ranging from \$100,000 to \$2,790,000 with interest from 3.50% to 4.50%. The last payment is due December 1, 2014.	Debt Service	\$ 9,385,000	\$ -	\$ 9,385,000	\$ -	\$ -
\$3,800,000 Northwest Central Dispatch System General Obligation Bonds, Series 2002A due in annual installments ranging from \$125,000 to \$300,000 with interest from 3.25% to 4.75%. The last payment is due December 1, 2022.	Debt Service	3,115,000	-	160,000	2,955,000	165,000
\$2,270,000 General Obligation Refunding Bonds, Series 2003A due in annual installments ranging from \$20,000 to \$255,000 with interest from 2.00% to 4.00%. The last payment is due December 1, 2016.	Debt Service	1,770,000	-	190,000	1,580,000	200,000
\$3,330,000 General Obligation Refunding Bonds, Series 2003B due in annual installments ranging from \$30,000 to \$310,000 with interest from 2.00% to 4.00%. The last payment is due December 1, 2016.	Debt Service	2,465,000	-	285,000	2,180,000	295,000
\$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	19,190,000	-	100,000	19,090,000	100,000
\$2,235,000 General Obligation Bonds, Series 2005 due in annual installments ranging from \$125,000 to \$425,000 with interest from 3.30% to 3.65%. The last payment is due December 1, 2015.	Debt Service	2,110,000	-	190,000	1,920,000	210,000
\$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	18,700,000	-	900,000	17,800,000	1,000,000

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

7. LONG-TERM DEBT (Continued)

c. 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)						
\$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	\$ 11,395,000	\$ -	\$ 2,660,000	\$ 8,735,000	\$ 2,645,000
\$8,380,000 General Obligation Refunding Bonds, Series 2009A due in annual installments ranging from \$620,000 to \$2,835,000 with interest at 2.00% to 2.50%. The last payment is due December 1, 2014.	Debt Service	-	8,380,000	-	8,380,000	620,000
\$2,050,000 General Obligation Bonds, Series 2009B, due in annual installments of \$315,000 to \$505,000 with interest at 2.00% to 2.50%. The last payment is due December 1, 2014.	Debt Service	-	2,050,000	-	2,050,000	315,000
Total bonds		68,130,000	10,430,000	13,870,000	64,690,000	5,550,000
Unamortized premium		207,253	130,520	44,708	293,065	-
Unamortized loss on refunding		(934,181)	-	(124,574)	(809,607)	-
Unamortized discount		(106,376)	-	(9,815)	(96,561)	-
Total debt service fund bonds		67,296,696	10,560,520	13,780,320	64,076,896	5,550,000
Notes payable	TIF V	340,566	-	340,566	-	-
Compensated absences	General	2,948,352	319,891	294,835	2,973,408	297,341
Compensated absences	Internal Service	160,819	37,755	24,122	174,452	26,168
Net pension obligation	General	587,586	441,591	-	1,029,177	-
Other postemployment benefits obligation	General	1,439,814	1,432,908	-	2,872,722	-
Other postemployment benefits obligation	Internal Service	61,668	61,372	-	123,040	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 72,835,501	\$12,854,037	\$14,439,843	\$ 71,249,695	\$ 5,873,509

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

7. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Due Within One Year
BUSINESS-TYPE ACTIVITIES						
Compensated absences	Water and Sewer	\$ 387,724	\$ 38,538	\$ 58,159	\$ 368,103	\$ 55,216
Other postemployment benefits obligation	Water and Sewer	68,249	67,922	-	136,171	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 455,973	\$ 106,460	\$ 58,159	\$ 504,274	\$ 55,216

d. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	Governmental Activities	
	Principal	Interest
2011	\$ 5,550,000	\$ 2,623,307
2012	6,215,000	2,367,608
2013	5,665,000	2,154,528
2014	6,015,000	1,962,015
2015	6,280,000	1,776,910
2016	5,000,000	1,577,510
2017	3,705,000	1,378,425
2018	3,565,000	1,227,900
2019	3,590,000	1,079,595
2020	3,260,000	928,765
2021	2,370,000	789,565
2022	2,500,000	672,145
2023	2,625,000	548,000
2024	2,450,000	417,500
2025	2,500,000	295,000
2026	1,900,000	170,000
2027	1,500,000	75,000
TOTAL	\$ 64,690,000	\$ 20,043,773

7. LONG-TERM DEBT (Continued)

e. 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.

f. Noncommitment Debt

Special Assessment Debt

As of April 30, 2010, the Village had outstanding \$132,546 of special assessment debt to be repaid solely by collections from property owners. The Village is not obligated in any manner for the portion of special assessment debt to be collected from property owners; as such, this portion is not recorded in the accounts of the Village. Repayment activity related to the special assessment debt is recorded in an agency fund.

g. Advance Refunding

On September 8, 2009, the Village issued \$8,380,000 General Obligation Source Refunding Bonds, Series 2009A, to advance refund, through an in-substance defeasance, \$8,425,000 of the Series 2001 General Obligation Bonds, which were called and paid in full on December 1, 2009. Through the refunding, the Village reduced its debt service by \$649,943 and achieved an economic gain of \$631,685.

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

8. INDIVIDUAL FUND DISCLOSURES

a. Interfund Transactions

Due From/To Other Funds at April 30, 2010 consist of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 220,000
General	Fiduciary - Police Pension	1,300,607
General	Fiduciary - Firefighters' Pension	1,740,509
		<u>3,041,116</u>
<b>TOTAL</b>		<u>\$ 3,261,116</u>

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

b. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	\$ 3,599,697	\$ 291,000
Debt Service	960,400	-
Capital Projects	60,000	1,999,697
 Nonmajor Governmental		
TIF III	-	256,600
TIF V	-	262,800
CDBG	-	210,000
 Internal Service		
Health Insurance	-	517,679
Retiree Health	517,679	-
Fleet	-	400,000
Technology	-	900,000
 Nonmajor Enterprise		
Arts, Entertainment and Events	-	300,000
 <b>TOTAL ALL FUNDS</b>	<u>\$ 5,137,776</u>	<u>\$ 5,137,776</u>

8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers (Continued)

The purposes of significant interfund transfers are as follows:

- \$291,000, \$256,600 and \$262,800 transferred from the General Fund, the TIF III and TIF V Fund, respectively, for debt service payments in the Debt Service Fund.
- \$150,000 transferred from CDBG Fund to the Debt Service Fund for principal paid on debt incurred for the Senior Center.
- \$517,679 transferred from the Health Insurance Fund to the Retiree Health Fund to fund retiree medical insurance.
- \$60,000 transferred to the Capital Projects Fund from the Community Development Block Grant Fund to contribute to emergency power at the Senior Center.
- \$1,999,697 transferred to the General Fund from the Capital Projects Fund to retire IMRF ERI Liability.
- The General Fund transferred in \$1,600,000 from The Arts, Entertainment and Events Fund \$(300,000), the Fleet Operations Fund \$(400,000) and the Technology Fund \$(900,000) to fund projected General Fund FY 2010 deficits.

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

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

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9. COMMITMENTS (Continued)

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
2011	\$ 970,292
2012	970,292
2013	970,292
2014	<u>256,862</u>
<b>TOTAL</b>	<b><u>\$ 3,167,738</u></b>

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

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
2011	\$ 648,515
2012	648,515
2013	648,515
2014	<u>648,588</u>
<b>TOTAL</b>	<b><u>\$ 2,594,133</u></b>

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.

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

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10. NET ASSETS/FUND BALANCES

a. Fund Balance - Unreserved - Designated

The following amounts represent designations of unreserved fund balances at April 30, 2010:

General Fund	
Senior Center Maintenance	\$ 612,000
Wellness Program	63,758
Emergency Assistance	68,174
Disabled Citizens	<u>12,152</u>
TOTAL	<u>\$ 756,084</u>
Nonmajor Governmental Funds - Special Revenue Funds	
Municipal Parking Operations	
Future Maintenance	<u>\$ 4,698,606</u>
TOTAL	<u>\$ 4,698,606</u>

b. Net Assets - Arts, Entertainment and Events Fund

The following amount represents the Village Board's plans to set aside assets for future major repairs and improvements at April 30, 2010 - \$225,000.

11. CONTINGENT LIABILITIES

a. Litigation

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

In FY2008, the Village was sued by Village Green LLC (the Developer), a developer in the Village's Tax Increment Financing District #1 (TIF 1). The February 2008 lawsuit claims that the Village should have extended TIF 1 for one additional year through tax levy year 2006, payable in 2007, which would have allowed the Developer to qualify for payment using TIF 1 funds on a Developer Note outlined in the Village Green Redevelopment Agreement. If funds were available, the payment on the Developer Note would have been between \$1-\$2 million. The Village stands by its assertion that Cook County records show that the 23<sup>rd</sup> 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.

11. CONTINGENT LIABILITIES (Continued)

a. Litigation (Continued)

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

b. Grants

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

c. High Level Excess Liability Pool

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

d. Northwest Water Commission (NWWC)

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

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

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

12. JOINT VENTURES

a. Northwest Water Commission (NWWC)

Description of Joint Venture

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

The four members of the NWWC and their percentage shares as of April 30, 2010 are as follows:

	<u>% Share</u>
Village of Arlington Heights	35.71
Village of Buffalo Grove	18.17
Village of Palatine	27.91
Village of Wheeling	<u>18.21</u>
	<u><u>100.00</u></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 the NWWC upon the approval of each member.

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

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

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12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Summary Financial Information of Joint Venture

Summary of financial position as of April 30, 2010:

ASSETS

Current assets	\$ 3,671,091
Restricted assets	11,167,469
Capital assets	35,003,412
Other assets	<u>105,066</u>
Total assets	<u>49,947,038</u>

LIABILITIES

Current liabilities	4,220,637
Long-term liabilities	<u>6,184,625</u>
Total liabilities	<u>10,405,262</u>

NET ASSETS

Invested in capital assets, net of related debt	26,918,787
Restricted	9,057,731
Unrestricted	<u>3,565,258</u>

NET ASSETS \$ 39,541,776

Summary of revenues, expenses and changes in net assets for the year ended April 30, 2010:

Total revenues	\$ 9,197,021
Total expenses	<u>7,130,228</u>
Operating income before depreciation	2,066,793
Depreciation	<u>1,760,556</u>
Operating income	306,237
Other income (expense)	<u>(354,484)</u>
CHANGE IN NET ASSETS	<u>\$ (48,247)</u>

12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Summary Financial Information of Joint Venture (Continued)

Complete financial statements for the NWWC can be obtained from the NWWC's administrative office at 1525 North Wolf Road, Des Plaines, Illinois, 60016. Financial information as of April 30, 2010 is the most recent available as of the date of this report.

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

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

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

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

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

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

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

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

12. JOINT VENTURES (Continued)

a. Northwest Water Commission (NWWC) (Continued)

Summary Financial Information of Joint Venture (Continued)

In accordance with the joint venture agreement, the Village remitted \$3,291,551 to the NWWC for 2010. The Village's equity interest in the NWWC was \$14,454,669 at April 30, 2010. The Village's net investment and its share of the operating results of the NWWC are recorded in the Village's Water and Sewer Fund.

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

Description of Joint Venture

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

The members of SWANCC and their percentage shares based on formula contained in SWANCC agreement as of April 30, 2010 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.

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

12. JOINT VENTURES (Continued)

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

Description of Joint Venture (Continued)

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.

Summary Financial Information of Joint Venture

Summary of financial position as of April 30, 2009 (most recent audited financial statements):

ASSETS		LIABILITIES AND NET ASSETS	
Current assets	\$ 5,744,977	Current liabilities	\$ 3,636,265
Restricted assets		- Long-term liabilities	<u>5,982,799</u>
Capital assets	12,179,879	Total liabilities	9,619,064
Other assets	<u>139,293</u>	Net assets	<u>8,445,085</u>
TOTAL ASSETS	<u>\$ 18,064,149</u>	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,064,149</u>

Summary of revenues, expenses and changes in net assets for the year ended April 30, 2009 (most recent audited financial statements):

Total revenues	\$ 16,703,205
Total expenses	<u>15,624,015</u>
Operating income	1,079,190
Net nonoperating revenue (expenses)	<u>(50,316)</u>
NET INCOME	<u>\$ 1,028,874</u>

12. JOINT VENTURES (Continued)

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

Summary Financial Information of Joint Venture (Continued)

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, 2009 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.

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.

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

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12. JOINT VENTURES (Continued)

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

Summary Financial Information of Joint Venture (Continued)

In accordance with the joint venture agreement, the Village remitted \$1,399,526 to SWANCC for 2010, 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, 2009, membership consisted of:

Retirees and beneficiaries currently receiving benefits	194
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>517</u>
<b>TOTAL</b>	<b><u>711</u></b>
Participating employers	<u>1</u>

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

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the Plan as of April 30, 2008 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2009	\$ 1,757,652	\$ 187,921	10.6%	\$ 1,569,731
April 30, 2010	1,767,035	204,833	11.6%	3,131,933

The net OPEB obligation as of April 30, 2010 was calculated as follows:

Annual required contribution	\$ 1,757,652
Interest on net OPEB obligation	70,638
Adjustment to annual required contribution	(61,255)
Annual OPEB cost	1,767,035
Contributions made	204,833
Increase in net OPEB obligation	1,562,202
Net OPEB obligation, beginning of year	1,569,731
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<b>\$ 3,131,933</b>

Funded Status and Funding Progress: The funded status and funding progress of the plan as of April 30, 2009 (most recent data available) was as follows:

Actuarial accrued liability (AAL)	\$ 20,783,027
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	20,783,027
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 39,349,404
UAAL as a percentage of covered payroll	52.82%

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, 2008 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, 2010 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.

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

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14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the calendar year ended 2009 was 9.86% 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, 2009, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	70
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	5
Current employees	
Vested	86
Nonvested	28
	<hr/>
TOTAL	<hr/> <hr/> 189

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. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% of the current pension amount annually thereafter.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended April 30, 2010, the Village's contribution was 84.93% of covered payroll.

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, 2009, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	84
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	-
Current employees	
Vested	67
Nonvested	43
	<hr/>
TOTAL	<u>194</u>

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75.00% of such monthly 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 retirement benefit. The monthly pension 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 upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% of the current pension amount annually thereafter.

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 July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended April 30, 2010, the Village's contribution was 91.26% 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)

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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, 2007	April 30, 2009	April 30, 2009
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	3 Year Smoothed Market	3 Year Smoothed Market
Amortization method	Level Percentage of Projected Payroll - Closed Basis	Level Percentage of Projected Payroll - Closed Basis	Level Percentage of Projected Payroll - Closed Basis
Amortization period	23 Years	25 Years	25 Years

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

14. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Annual Pension Costs (Continued)

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

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

		Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2008	\$ 3,008,511	\$ 2,254,702	\$ 2,944,919
	2009	2,981,957	2,333,952	3,070,070
	2010	2,698,054	2,883,591	3,528,720
Actual contributions	2008	\$ 3,008,511	\$ 2,285,000	\$ 2,856,000
	2009	2,981,957	2,307,800	3,109,350
	2010	2,698,054	2,442,000	3,244,000
Percentage of APC contributed	2008	100.00%	100.34%	97.52%
	2009	100.00%	98.88%	101.28%
	2010	100.00%	84.69%	91.93%
NPO (asset)	2008	\$ -	\$ 561,434	\$ (1,832,796)
	2009	-	587,586	(1,872,076)
	2010	-	1,029,177	(1,587,356)

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, 2010 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contributions	\$ 2,875,430	\$ 3,554,720
Interest on net pension obligation	44,069	(140,406)
Adjustment to annual required contribution	(35,908)	114,406
Annual pension cost	2,883,591	3,528,720
Contributions made	2,442,000	3,244,000
Increase in net pension obligation (asset)	441,591	284,720
Net pension obligation (asset), beginning of year	587,586	(1,872,076)
<b>NET PENSION OBLIGATION (ASSET), END OF YEAR</b>	<b>\$ 1,029,177</b>	<b>\$ (1,587,356)</b>

e. Funded Status and Funding Progress

The funded status and funding progress of the plans as of April 30, 2010 were as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2009	April 30, 2009	April 30, 2009
Actuarial accrued liability (AAL)	\$ 71,648,428	\$ 92,005,341	\$ 86,426,401
Actuarial value of plan assets	49,309,278	74,802,592	58,792,172
Unfunded actuarial accrued liability (UAAL)	22,339,150	17,202,749	27,634,229
Funded ratio (actuarial value of plan assets/AAL)	68.82%	81.30%	68.03%
Covered payroll (active plan members)	\$ 24,788,996	\$ 9,436,305	\$ 8,891,600
UAAL as a percentage of covered payroll	90.12%	182.30%	310.79%

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, 2010

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,285,935	\$ 1,993,885	\$ 4,279,820
Investments			
U.S. Government and agency obligations	37,743,407	27,194,858	64,938,265
Equity securities	14,588,333	5,809,828	20,398,161
Insurance contracts	9,713,006	14,584,299	24,297,305
Illinois Funds	1,570,635	2,169,864	3,740,499
Mutual funds	6,506,014	5,837,131	12,343,145
Municipal bonds	-	2,744,998	2,744,998
Receivables			
Accrued interest	223,336	305,550	528,886
Other	4,307	5,084	9,391
<b>Total assets</b>	<b>72,634,973</b>	<b>60,645,497</b>	<b>133,280,470</b>
<b>LIABILITIES</b>			
Accounts payable	-	48	48
Due to other funds	1,300,607	1,740,509	3,041,116
<b>Total liabilities</b>	<b>1,300,607</b>	<b>1,740,557</b>	<b>3,041,164</b>
<b>NET ASSETS</b>	<b>\$ 71,334,366</b>	<b>\$ 58,904,940</b>	<b>\$ 130,239,306</b>

b. Schedule of Changes in Net Assets for the year ended April 30, 2010

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,442,000	\$ 3,244,000	\$ 5,686,000
Participants	951,678	868,019	1,819,697
Other	3,422	18,340	21,762
<b>Total contributions</b>	<b>3,397,100</b>	<b>4,130,359</b>	<b>7,527,459</b>

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, 2010 (Continued)

	Police Pension	Firefighters' Pension	Total
ADDITIONS (Continued)			
Investment income			
Net appreciation in fair value of investments	\$ 7,927,590	\$ 8,063,993	\$ 15,991,583
Interest income	2,112,552	1,715,735	3,828,287
Subtotal			
Less investment expense	(188,851)	(160,250)	(349,101)
Net investment income	9,851,291	9,619,478	19,470,769
Total additions	13,248,391	13,749,837	26,998,228
DEDUCTIONS			
Administrative	42,640	56,228	98,868
Pension benefits and refunds	3,514,679	4,106,487	7,621,166
Total deductions	3,557,319	4,162,715	7,720,034
NET INCREASE	9,691,072	9,587,122	19,278,194
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	61,643,294	49,317,818	110,961,112
April 30	\$ 71,334,366	\$ 58,904,940	\$ 130,239,306

16. COMPONENT UNIT - ARLINGTON HEIGHTS MEMORIAL LIBRARY

a. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Fund Accounting

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

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

Funds are classified as governmental funds.

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

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

a. Summary of Significant Accounting Policies (Continued)

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Library. Governmental activities are normally supported by taxes, fees and intergovernmental revenues.

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

The Library reports the following major governmental fund:

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

a. Summary of Significant Accounting Policies (Continued)

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

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

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

5. Cash and Investments

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

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets, except for books for which the amount is \$25, are defined by the Library as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

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

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

a. Summary of Significant Accounting Policies (Continued)

6. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

7. Compensated Absences

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

8. Fund Balances/Net Assets

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

17. SUBSEQUENT EVENTS

On September 22, 2010, the Village issued \$2,855,000 of General Obligation Refunding Bonds, Series 2010 to refund the outstanding General Obligation Bonds, Series 2002A. The 2010 bonds interest rates ranged from 1.50% to 3.25%.

**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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 16,267,850	\$ 16,267,850	\$ 15,898,237	\$ 15,747,860
Other taxes	32,299,400	32,299,400	28,517,794	30,355,873
Licenses and permits	3,973,200	3,973,200	3,644,510	3,737,099
Grants	313,300	313,300	357,282	577,523
Charges for services	1,994,400	1,994,400	1,960,514	1,784,442
Fines and fees	4,389,900	4,389,900	4,301,459	4,282,145
Investment income	750,000	750,000	205,407	452,186
Rents and reimbursables	422,900	422,900	448,573	462,268
Miscellaneous	319,000	319,000	369,818	448,712
<b>Total revenues</b>	<b>60,729,950</b>	<b>60,729,950</b>	<b>55,703,594</b>	<b>57,848,108</b>
<b>EXPENDITURES</b>				
Current				
General government	6,706,500	8,726,189	7,875,528	6,536,042
Public safety	37,653,100	37,688,960	37,052,156	36,421,229
Highways and streets	9,510,100	9,521,613	8,341,525	9,402,994
Community development	5,659,500	5,703,965	5,117,338	5,568,289
Health and welfare	2,479,000	2,479,000	2,344,242	2,412,863
<b>Total expenditures</b>	<b>62,008,200</b>	<b>64,119,727</b>	<b>60,730,789</b>	<b>60,341,417</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,278,250)</b>	<b>(3,389,777)</b>	<b>(5,027,195)</b>	<b>(2,493,309)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	3,599,697	3,599,697	-
Transfers (out)	(651,000)	(651,000)	(291,000)	(285,900)
<b>Total other financing sources (uses)</b>	<b>(651,000)</b>	<b>2,948,697</b>	<b>3,308,697</b>	<b>(285,900)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,929,250)</b>	<b>\$ (441,080)</b>	<b>(1,718,498)</b>	<b>(2,779,209)</b>
<b>FUND BALANCE, MAY 1</b>			<b>19,338,461</b>	<b>22,117,670</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 17,619,963</b>	<b>\$ 19,338,461</b>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2010

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)
2004	\$ 42,559,933	\$ 53,013,684	80.28%	\$ 10,453,751	\$ 20,406,471	51.23%
2005	47,058,921	58,978,005	79.79%	11,919,084	21,317,537	55.91%
2006	51,284,657	61,519,586	83.36%	10,234,929	21,757,400	47.04%
2007	54,180,908	63,494,645	85.33%	9,313,737	22,771,008	40.90%
2008	45,813,365	69,004,236	66.39%	23,190,871	24,048,850	96.43%
2009	49,309,278	71,648,428	68.82%	22,339,150	24,788,996	90.12%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2010

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)
2004	\$ 56,534,529	\$ 67,439,674	83.83%	\$ 10,905,145	\$ 7,756,467	140.59%
2005	59,593,827	71,717,827	83.09%	12,124,000	7,825,865	154.92%
2006	64,638,743	76,392,176	84.61%	11,753,433	8,152,792	144.16%
2007	70,167,689	80,956,261	86.67%	10,788,572	8,277,378	130.34%
2008	74,937,672	85,788,269	87.35%	10,850,597	8,718,245	124.46%
2009	74,802,592	92,005,341	81.30%	17,202,749	9,436,305	182.30%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF FUNDING PROGRESS

April 30, 2010

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)
2004	\$ 46,747,334	\$ 60,184,315	77.67%	\$ 13,436,981	\$ 7,060,263	190.32%
2005	48,724,370	68,079,806	71.57%	19,355,436	7,018,789	275.77%
2006	51,351,704	71,995,480	71.33%	20,643,776	7,410,161	278.59%
2007	54,865,596	76,970,458	71.28%	22,104,862	8,071,755	273.85%
2008	58,541,413	80,785,619	72.47%	22,244,206	8,410,031	264.50%
2009	58,792,172	86,426,401	68.03%	27,634,229	8,891,600	310.79%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS

April 30, 2010

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	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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS  
ARLINGTON HEIGHTS MEMORIAL LIBRARY

April 30, 2010

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

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, 2010

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Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2005	\$ 2,040,088	\$ 2,040,088	100.00%
2006	2,848,044	2,848,044	100.00%
2007	2,942,014	2,942,014	100.00%
2008	3,008,511	3,008,511	100.00%
2009	2,981,957	2,981,957	100.00%
2010	2,698,054	2,698,054	100.00%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2010

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Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2005	\$ 1,811,700	\$ 2,064,339	87.76%
2006	2,064,300	2,182,071	94.60%
2007	2,256,000	2,730,049	82.64%
2008	2,285,000	2,244,687	101.80%
2009	2,307,800	2,235,266	103.24%
2010	2,442,000	2,875,430	84.93%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2010

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Fiscal Year	Employer Actual Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2005	\$ 1,881,200	\$ 2,134,795	88.12%
2006	2,134,800	2,554,228	83.58%
2007	2,663,000	2,239,939	118.89%
2008	2,856,000	2,977,176	95.93%
2009	3,109,350	3,098,424	100.35%
2010	3,244,000	3,554,720	91.26%

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2010

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Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 187,921	\$ 1,757,652	10.69%
2010	204,833	1,757,652	11.65%

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 BENEFIT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ARLINGTON HEIGHTS MEMORIAL LIBRARY

April 30, 2010

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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%

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, 2010

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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)

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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
Special Revenue	
Foreign Fire Insurance	\$ 2,526
Criminal Investigation	58,814
Internal Service	
Workers' Compensation	1,422
Fiduciary	
Firefighters' Pension	20,965

**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, 2010

(With Actual Amounts at April 30, 2009)

	2010	2009
<b>ASSETS</b>		
Cash and investments	\$ 17,362,993	\$ 18,970,837
Receivables (net, where applicable, of allowances for uncollectibles)		
Property taxes	9,403,129	8,783,990
Other taxes	6,884,864	5,600,492
Accrued interest	47,567	155,827
Other	720,846	811,717
Prepaid items	132,615	109,051
Due from other funds	220,000	284,000
Due from fiduciary funds	3,041,116	2,571,285
Inventory	71,869	52,125
<b>TOTAL ASSETS</b>	<b>\$ 37,884,999</b>	<b>\$ 37,339,324</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 995,037	\$ 974,865
Accrued payroll	533,144	345,912
Payroll taxes payable	479,331	215,076
Deferred property taxes	18,244,026	16,455,850
Deferred revenue	13,498	9,160
<b>Total liabilities</b>	<b>20,265,036</b>	<b>18,000,863</b>
<b>FUND BALANCES</b>		
Reserved for prepaid items	132,615	109,051
Reserved for inventory	71,869	52,125
Reserved for encumbrances	-	90,450
Unreserved		
Designated - General Fund	756,084	757,918
Undesignated - General Fund	16,659,395	18,328,917
<b>Total fund balances</b>	<b>17,619,963</b>	<b>19,338,461</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,884,999</b>	<b>\$ 37,339,324</b>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2010  
(With Actual for 2009)

	2010			2009
	Original Budget	Final Budget	Actual	Actual
<b>TAXES</b>				
Property taxes	\$ 16,267,850	\$ 16,267,850	\$ 15,898,237	\$ 15,747,860
Other taxes				
Municipal sales tax	11,095,700	11,095,700	9,570,850	10,446,148
Hotel tax	1,650,000	1,650,000	893,169	1,360,158
State income tax	7,196,800	7,196,800	6,111,105	7,010,647
State use tax	1,090,000	1,090,000	915,224	1,085,127
Replacement tax	550,000	550,000	411,138	464,953
Food/beverage tax	2,006,000	2,006,000	1,681,355	1,784,132
Sales tax - home rule	3,827,900	3,827,900	3,590,143	3,513,318
Telecommunications tax	4,650,000	4,650,000	4,158,597	4,419,759
Natural gas utility tax	-	-	438,147	-
Electric utility tax	-	-	479,172	-
Other taxes	233,000	233,000	268,894	271,631
	<u>32,299,400</u>	<u>32,299,400</u>	<u>28,517,794</u>	<u>30,355,873</u>
	<u>48,567,250</u>	<u>48,567,250</u>	<u>44,416,031</u>	<u>46,103,733</u>
<b>LICENSES AND PERMITS</b>				
Vehicle licenses	1,365,000	1,365,000	1,297,903	1,276,598
Business licenses	716,000	716,000	678,944	701,593
Dog licenses	68,000	68,000	66,966	65,575
Liquor licenses	450,000	450,000	437,350	512,903
Public chauffeur licenses	10,000	10,000	4,835	5,745
Multi-dwelling licenses	72,000	72,000	74,908	71,812
Building permits	900,000	900,000	783,701	784,997
Electrical permits	100,000	100,000	81,032	111,818
Plumbing permits	100,000	100,000	71,900	69,341
Early start permit	3,000	3,000	188	767
After the fact permit	3,000	3,000	-	595
Sign permits	20,000	20,000	7,840	15,680
Elevator permits	60,000	60,000	55,076	55,019
Occupancy permits	37,000	37,000	49,880	26,115
Driveway permits	15,000	15,000	10,077	7,964
Air conditioner permits	9,000	9,000	5,133	6,751
Swimming pool permits	1,200	1,200	1,543	1,599
Chimney permits	2,000	2,000	891	1,862
Foundation only permits	12,000	12,000	-	198
Wrecking and other permits	30,000	30,000	16,343	20,167
	<u>3,973,200</u>	<u>3,973,200</u>	<u>3,644,510</u>	<u>3,737,099</u>
<b>GRANTS</b>				
Counselor in the park	23,000	23,000	23,000	23,000
Fire grants	186,300	186,300	108,675	279,450
Too Good for Drugs contributions	14,000	14,000	9,648	8,118
Training reimbursement	10,000	10,000	12,436	700
Task force reimbursement	-	-	26,401	67,259
Other grants	80,000	80,000	177,122	198,996
	<u>313,300</u>	<u>313,300</u>	<u>357,282</u>	<u>577,523</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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>CHARGES FOR SERVICES</b>				
Escrow deposits	\$ 30,000	\$ 30,000	\$ 12,834	\$ 18,908
Guaranteed bonds	30,000	30,000	13,280	18,434
Parking	313,500	313,500	313,500	298,600
Water	1,205,900	1,205,900	1,205,900	1,148,500
TIF	115,000	115,000	115,000	-
SWANCC	300,000	300,000	300,000	300,000
	<u>1,994,400</u>	<u>1,994,400</u>	<u>1,960,514</u>	<u>1,784,442</u>
<b>FINES AND FEES</b>				
Traffic court fines	330,000	330,000	254,654	320,425
Untagged dog fines	500	500	-	33
Parking fines	275,000	275,000	304,733	286,875
Compliance ticket fines	35,000	35,000	27,030	30,461
Ordinance ticket fines	60,000	60,000	63,152	60,072
Crime prevention fines	100	100	-	-
Other fines	15,000	15,000	30,700	23,237
Plan commission hearings	25,000	25,000	24,155	16,500
Reinspection fees	1,000	1,000	248	602
Rezoning fees	10,000	10,000	4,860	6,790
Plan exam fees	65,000	65,000	56,406	44,567
Fire plan examination fees	50,000	50,000	37,262	37,123
Engineering service fees	100,000	100,000	270,638	92,229
Ambulance service fees	1,767,000	1,767,000	1,571,730	1,784,327
Special police detail	194,100	194,100	191,593	175,134
Police counselor fees	250,000	250,000	266,432	253,609
Police records fees	17,000	17,000	11,183	14,078
Special fire detail	15,000	15,000	26,462	7,160
Haz-Mat inspection/review	1,000	1,000	-	-
Chemical user fees	1,000	1,000	11,590	13,272
Weed cutting fees	17,000	17,000	10,983	13,110
Lien recording fees	800	800	100	810
Animal detention fees	1,000	1,000	890	880
Cable franchise fees	918,400	918,400	935,008	902,085
False alarm fees	100,000	100,000	73,100	73,625
Photocopy fees	1,000	1,000	1,025	1,086
DUI administration charges	110,000	110,000	107,000	100,500
Other fees	30,000	30,000	20,525	23,555
	<u>4,389,900</u>	<u>4,389,900</u>	<u>4,301,459</u>	<u>4,282,145</u>
<b>INVESTMENT INCOME</b>	<u>750,000</u>	<u>750,000</u>	<u>205,407</u>	<u>452,186</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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>RENTS AND REIMBURSABLES</b>				
Sale - plans/specs	\$ 500	\$ 500	\$ 2,650	\$ 1,210
Sale - printed materials	100	100	40	275
Sale - scrap	100	100	355	7,653
Sale - signs	100	100	-	-
Damage claims	7,100	7,100	53,239	58,219
NWCDS building rent	291,000	291,000	291,008	285,883
Rents/concessions	75,000	75,000	70,603	70,720
Train station rents	37,000	37,000	19,080	26,144
Traffic signal control maintenance	12,000	12,000	11,598	12,164
	<u>422,900</u>	<u>422,900</u>	<u>448,573</u>	<u>462,268</u>
<b>MISCELLANEOUS</b>				
Teen center receipts	12,000	12,000	10,622	10,892
Senior center receipts	15,000	15,000	11,005	14,298
Wellness program	30,000	30,000	45,384	55,163
Disabled citizen donations	100	100	1,042	300
CPR training	4,000	4,000	-	3,590
Arlington Heights Emergency Assistance	2,500	2,500	17,345	15,895
NWCH in lieu of property taxes	145,400	145,400	145,435	138,510
Bad debt recovery	50,000	50,000	49,325	44,872
Other income	60,000	60,000	89,660	165,192
	<u>319,000</u>	<u>319,000</u>	<u>369,818</u>	<u>448,712</u>
<b>TOTAL REVENUES</b>	<b>\$ 60,729,950</b>	<b>\$ 60,729,950</b>	<b>\$ 55,703,594</b>	<b>\$ 57,848,108</b>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended April 30, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>GENERAL GOVERNMENT</b>				
Board of Trustees	\$ 187,900	\$ 187,900	\$ 160,175	\$ 173,846
Village Manager	930,500	930,500	846,044	906,355
Human resources	460,100	460,800	334,747	473,704
Legal	761,600	761,600	696,441	787,383
Finance	1,438,100	1,438,100	1,377,521	1,415,595
Village Clerk	188,000	188,000	184,963	182,888
Boards and commissions	213,500	215,100	170,544	319,993
Municipal buildings and grounds	1,873,100	1,893,092	1,842,864	2,049,582
Other	653,700	2,651,097	2,262,229	226,696
	<u>6,706,500</u>	<u>8,726,189</u>	<u>7,875,528</u>	<u>6,536,042</u>
<b>PUBLIC SAFETY</b>				
Police	20,632,900	20,659,630	20,153,188	19,808,674
Fire	17,020,200	17,029,330	16,898,968	16,612,555
	<u>37,653,100</u>	<u>37,688,960</u>	<u>37,052,156</u>	<u>36,421,229</u>
<b>HIGHWAYS AND STREETS</b>				
Public works	9,510,100	9,521,613	8,341,525	9,402,994
<b>COMMUNITY DEVELOPMENT</b>				
Planning and community development	1,574,700	1,619,165	1,317,418	1,509,337
Building	2,359,900	2,359,900	2,227,206	2,381,461
Engineering	1,724,900	1,724,900	1,572,714	1,677,491
	<u>5,659,500</u>	<u>5,703,965</u>	<u>5,117,338</u>	<u>5,568,289</u>
<b>HEALTH AND WELFARE</b>				
Youth services	358,100	358,100	413,312	354,643
Senior services	474,600	474,600	435,674	529,328
Health services	1,646,300	1,646,300	1,495,256	1,528,892
	<u>2,479,000</u>	<u>2,479,000</u>	<u>2,344,242</u>	<u>2,412,863</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 62,008,200</u>	<u>\$ 64,119,727</u>	<u>\$ 60,730,789</u>	<u>\$ 60,341,417</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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>GENERAL GOVERNMENT</b>				
Board of Trustees				
Salaries	\$ 30,900	\$ 29,300	\$ 22,400	\$ 24,966
Fringe benefits	6,600	6,600	3,707	4,071
Contractual services	148,900	150,500	132,653	143,329
Commodities	1,500	1,500	1,415	1,480
	<u>187,900</u>	<u>187,900</u>	<u>160,175</u>	<u>173,846</u>
Village Manager				
Salaries	596,100	596,100	576,289	580,260
Fringe benefits	256,900	256,900	207,941	241,687
Contractual services	68,100	68,100	55,930	76,014
Commodities	9,400	9,400	5,884	8,394
	<u>930,500</u>	<u>930,500</u>	<u>846,044</u>	<u>906,355</u>
Human Resources				
Salaries	245,400	245,400	148,857	253,116
Fringe benefits	133,300	133,300	111,990	158,752
Contractual services	57,900	58,600	55,228	42,636
Commodities	2,500	2,500	2,207	2,427
Other charges	21,000	21,000	16,465	16,773
	<u>460,100</u>	<u>460,800</u>	<u>334,747</u>	<u>473,704</u>
Legal				
Salaries	308,600	308,600	286,568	301,130
Fringe benefits	96,700	96,700	86,719	90,095
Contractual services	275,700	275,700	247,631	326,851
Commodities	14,300	14,300	19,587	19,363
Other charges	66,300	66,300	55,936	49,944
	<u>761,600</u>	<u>761,600</u>	<u>696,441</u>	<u>787,383</u>
Finance				
Salaries	809,600	809,600	792,590	790,049
Fringe benefits	276,600	276,600	259,649	273,915
Contractual services	327,000	327,000	301,585	326,842
Commodities	24,900	24,900	23,697	24,789
	<u>1,438,100</u>	<u>1,438,100</u>	<u>1,377,521</u>	<u>1,415,595</u>
Village Clerk				
Salaries	113,100	113,100	114,770	113,504
Fringe benefits	56,100	56,100	54,094	52,541
Contractual services	16,700	16,700	14,589	14,656
Commodities	2,100	2,100	1,510	2,187
	<u>188,000</u>	<u>188,000</u>	<u>184,963</u>	<u>182,888</u>

(This schedule is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>GENERAL GOVERNMENT (Continued)</b>				
Boards and Commissions				
Salaries	\$ 10,000	\$ 11,600	\$ 6,085	\$ 5,381
Fringe benefits	1,300	1,300	466	412
Contractual services	159,400	159,400	130,145	205,336
Commodities	7,300	7,300	1,141	1,895
Other charges	35,500	35,500	32,707	106,969
	<u>213,500</u>	<u>215,100</u>	<u>170,544</u>	<u>319,993</u>
Municipal Buildings and Grounds				
Salaries	530,300	530,300	507,160	579,251
Fringe benefits	220,200	220,200	205,106	239,353
Contractual services	913,600	933,592	959,233	978,670
Commodities	209,000	209,000	171,365	252,308
	<u>1,873,100</u>	<u>1,893,092</u>	<u>1,842,864</u>	<u>2,049,582</u>
Other				
Contingency	250,000	247,700	-	-
Other charges	403,700	403,700	262,532	226,696
ERI payoff	-	1,999,697	1,999,697	-
	<u>653,700</u>	<u>2,651,097</u>	<u>2,262,229</u>	<u>226,696</u>
Total general government	<u>6,706,500</u>	<u>8,726,189</u>	<u>7,875,528</u>	<u>6,536,042</u>
<b>PUBLIC SAFETY</b>				
Police				
Salaries	12,753,600	12,753,600	12,414,235	12,332,853
Fringe benefits	5,308,000	5,308,000	5,257,561	5,082,987
Contractual services	1,965,500	1,965,500	1,947,179	1,837,120
Commodities	515,100	541,830	444,632	468,939
Police grants				
Salaries	70,200	70,200	70,177	67,383
Fringe benefits	20,500	20,500	19,404	19,392
	<u>20,632,900</u>	<u>20,659,630</u>	<u>20,153,188</u>	<u>19,808,674</u>
Fire				
Salaries	9,909,900	9,909,900	9,881,696	9,834,746
Fringe benefits	5,460,600	5,460,600	5,462,410	5,242,069
Contractual services	1,288,700	1,288,700	1,271,262	1,204,473
Commodities	361,000	370,130	283,600	331,267
	<u>17,020,200</u>	<u>17,029,330</u>	<u>16,898,968</u>	<u>16,612,555</u>
Total public safety	<u>37,653,100</u>	<u>37,688,960</u>	<u>37,052,156</u>	<u>36,421,229</u>

(This schedule is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>HIGHWAYS AND STREETS</b>				
Public Works				
Salaries	\$ 3,638,600	\$ 3,638,600	\$ 3,275,749	\$ 3,681,340
Fringe benefits	1,629,400	1,629,400	1,481,238	1,523,284
Contractual services	3,093,800	3,093,800	2,624,893	2,891,366
Commodities	1,148,300	1,159,813	959,645	1,307,004
Total highways and streets	9,510,100	9,521,613	8,341,525	9,402,994
<b>COMMUNITY DEVELOPMENT</b>				
Planning and Community Development				
Salaries	937,900	937,900	829,929	912,514
Fringe benefits	350,200	350,200	307,613	321,521
Contractual services	135,300	152,665	117,194	154,577
Commodities	18,600	18,600	9,419	17,648
Other charges	132,700	159,800	53,263	103,077
	1,574,700	1,619,165	1,317,418	1,509,337
Building				
Salaries	1,514,200	1,514,200	1,437,829	1,533,270
Fringe benefits	570,100	570,100	522,846	570,878
Contractual services	245,300	244,300	246,980	254,116
Commodities	30,300	31,300	19,551	23,197
	2,359,900	2,359,900	2,227,206	2,381,461
Engineering				
Salaries	1,048,200	1,048,200	992,717	1,082,790
Fringe benefits	404,300	404,300	370,903	388,308
Contractual services	245,700	245,700	192,284	188,743
Commodities	26,700	26,700	16,810	17,650
	1,724,900	1,724,900	1,572,714	1,677,491
Total community development	5,659,500	5,703,965	5,117,338	5,568,289
<b>HEALTH AND WELFARE</b>				
Youth Services				
Salaries	236,800	236,800	300,478	236,517
Fringe benefits	82,700	82,700	84,145	77,372
Contractual services	30,600	30,600	23,091	33,538
Commodities	8,000	8,000	5,598	7,216
	358,100	358,100	413,312	354,643

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>HEALTH AND WELFARE (Continued)</b>				
<b>Senior Services</b>				
Salaries	\$ 261,800	\$ 261,800	\$ 257,038	\$ 298,906
Fringe benefits	67,600	67,600	61,065	83,551
Contractual services	119,700	119,700	102,261	123,687
Commodities	25,500	25,500	15,310	23,184
	<u>474,600</u>	<u>474,600</u>	<u>435,674</u>	<u>529,328</u>
<b>Health Services</b>				
Salaries	901,300	901,300	866,555	851,621
Fringe benefits	364,200	364,200	336,730	330,229
Contractual services	213,500	213,500	172,213	209,346
Commodities	73,700	73,700	46,121	64,427
Other charges	93,600	93,600	73,637	73,269
	<u>1,646,300</u>	<u>1,646,300</u>	<u>1,495,256</u>	<u>1,528,892</u>
Total health and welfare	<u>2,479,000</u>	<u>2,479,000</u>	<u>2,344,242</u>	<u>2,412,863</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 62,008,200</u>	<u>\$ 64,119,727</u>	<u>\$ 60,730,789</u>	<u>\$ 60,341,417</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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Property taxes	\$ 7,405,700	\$ 7,405,700	\$ 7,175,004	\$ 7,309,146
Investment income	100,000	100,000	64,327	103,430
Total revenues	<u>7,505,700</u>	<u>7,505,700</u>	<u>7,239,331</u>	<u>7,412,576</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	5,445,000	5,445,000	5,445,000	5,200,000
Interest and fiscal charges	2,924,100	2,974,978	2,970,559	3,124,144
Total expenditures	<u>8,369,100</u>	<u>8,419,978</u>	<u>8,415,559</u>	<u>8,324,144</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(863,400)</u>	<u>(914,278)</u>	<u>(1,176,228)</u>	<u>(911,568)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued, at par	-	8,380,000	8,380,000	-
Premium on bonds issued	-	105,632	105,632	-
Payment to escrow agent	-	(8,426,288)	(8,426,288)	-
Transfers in	960,400	960,400	960,400	895,000
Total other financing sources (uses)	<u>960,400</u>	<u>1,019,744</u>	<u>1,019,744</u>	<u>895,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 97,000</u>	<u>\$ 105,466</u>	<u>(156,484)</u>	<u>(16,568)</u>
FUND BALANCE, MAY 1			<u>1,946,327</u>	<u>1,962,895</u>
FUND BALANCE, APRIL 30			<u>\$ 1,789,843</u>	<u>\$ 1,946,327</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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes	\$ 4,176,100	\$ 4,176,100	\$ 3,701,004	\$ 3,896,119
Grants	82,500	82,500	-	386,000
Contributions	-	-	-	10,005
Investment income	200,000	200,000	97,428	191,111
Miscellaneous				
Other	27,000	256,062	359,014	623,406
<b>Total revenues</b>	<b>4,485,600</b>	<b>4,714,662</b>	<b>4,157,446</b>	<b>5,106,641</b>
<b>EXPENDITURES</b>				
Capital outlay				
Contractual services	525,000	549,222	39,085	66,093
Equipment	684,600	782,975	477,115	486,128
Construction	6,684,000	7,328,598	4,037,605	6,282,578
Debt service				
Interest and fiscal charges	-	46,000	46,000	-
<b>Total expenditures</b>	<b>7,893,600</b>	<b>8,706,795</b>	<b>4,599,805</b>	<b>6,834,799</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,408,000)</b>	<b>(3,992,133)</b>	<b>(442,359)</b>	<b>(1,728,158)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued, at par	-	2,050,000	2,050,000	-
Premium on bonds issued	-	24,888	24,888	-
Transfers in	60,000	60,000	60,000	138,815
Transfers (out)	-	(1,999,697)	(1,999,697)	-
<b>Total other financing sources (uses)</b>	<b>60,000</b>	<b>135,191</b>	<b>135,191</b>	<b>138,815</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (3,348,000)</b>	<b>\$ (3,856,942)</b>	<b>(307,168)</b>	<b>(1,589,343)</b>
<b>FUND BALANCE, MAY 1</b>			<b>6,469,260</b>	<b>8,058,603</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 6,162,092</b>	<b>\$ 6,469,260</b>

(See independent auditor's report.)

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### SPECIAL REVENUE FUNDS (Continued)

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

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

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

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

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

### CAPITAL PROJECTS FUNDS

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

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

April 30, 2010

	Special Revenue Funds				
	Motor Fuel Tax	Community Development Block Grant	First Time Homebuyer Grant	Fire Academy	Foreign Fire Insurance
<b>ASSETS</b>					
Cash and investments	\$ 652,172	\$ 4,296	\$ 10,085	\$ 268,452	\$ 325,529
Receivables					
Property taxes	-	-	-	-	-
Other taxes	166,901	-	-	-	-
Accrued interest	-	-	62	680	1,486
CDBG rehabilitation loans	-	2,250,808	-	-	-
Grants	-	96,743	-	-	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 819,073</b>	<b>\$ 2,351,847</b>	<b>\$ 10,147</b>	<b>\$ 269,132</b>	<b>\$ 327,015</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 28,718	\$ 7,936	\$ -	\$ 6,248	\$ 2,963
Accrued payroll	-	2,392	-	2,880	-
Deferred property taxes	-	-	-	-	-
Deferred grant revenue	-	2,256,519	-	-	-
Due to other funds	-	85,000	-	-	-
Due to other governments	-	-	-	-	-
<b>Total liabilities</b>	<b>28,718</b>	<b>2,351,847</b>	<b>-</b>	<b>9,128</b>	<b>2,963</b>
<b>FUND BALANCES</b>					
Reserved for prepaids	-	-	-	-	-
Reserved for public safety	-	-	-	260,004	324,052
Reserved for highways and streets	790,355	-	-	-	-
Reserved for community development	-	-	10,147	-	-
Unreserved - designated					
Garage operations maintenance	-	-	-	-	-
Unreserved - undesignated	-	-	-	-	-
<b>Total fund balances</b>	<b>790,355</b>	<b>-</b>	<b>10,147</b>	<b>260,004</b>	<b>324,052</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 819,073</b>	<b>\$ 2,351,847</b>	<b>\$ 10,147</b>	<b>\$ 269,132</b>	<b>\$ 327,015</b>

Special Revenue Funds						
Criminal Investigations	Municipal Parking Operations	TIF II North	TIF III	TIF IV	TIF V	
\$ 718,982	\$ 4,734,776	\$ 2,129,798	\$ 1,237,448	\$ 327,037	\$ 2,299,553	
-	-	-	197,726	238,241	673,227	
-	14,005	7,838	3,355	378	2,189	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	54,043	-	-	-	-	
4,000	-	-	-	-	-	
<b>\$ 722,982</b>	<b>\$ 4,802,824</b>	<b>\$ 2,137,636</b>	<b>\$ 1,438,529</b>	<b>\$ 565,656</b>	<b>\$ 2,974,969</b>	
\$ 44,742	\$ 71,274	\$ 349,444	\$ -	\$ 7,099	\$ -	
-	6,774	-	-	-	-	
-	-	-	380,000	540,000	1,456,000	
620,016	26,170	-	-	-	-	
-	-	-	-	-	-	
-	-	850,651	-	-	-	
<b>664,758</b>	<b>104,218</b>	<b>1,200,095</b>	<b>380,000</b>	<b>547,099</b>	<b>1,456,000</b>	
4,000	-	-	-	-	-	
54,224	-	-	-	-	-	
-	-	937,541	-	-	-	
-	-	-	1,058,529	18,557	1,518,969	
-	4,698,606	-	-	-	-	
-	-	-	-	-	-	
<b>58,224</b>	<b>4,698,606</b>	<b>937,541</b>	<b>1,058,529</b>	<b>18,557</b>	<b>1,518,969</b>	
<b>\$ 722,982</b>	<b>\$ 4,802,824</b>	<b>\$ 2,137,636</b>	<b>\$ 1,438,529</b>	<b>\$ 565,656</b>	<b>\$ 2,974,969</b>	

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (Continued)

April 30, 2010

	Special Revenue		Capital Projects		Total
	Operation	Flood	Public		
	Greenlight Grant	Control Phase V	Building		
<b>ASSETS</b>					
Cash and investments	\$ 3,065	\$ 2,515,089	\$ 2,181,317	\$	17,407,599
Receivables					
Property taxes	-	-	-		1,109,194
Other taxes	-	-	-		166,901
Accrued interest	-	-	6,218		36,211
CDBG rehabilitation loans	-	-	-		2,250,808
Grants	131,935	-	-		228,678
Other	-	-	-		54,043
Prepaid items	-	-	-		4,000
<b>TOTAL ASSETS</b>	<b>\$ 135,000</b>	<b>\$ 2,515,089</b>	<b>\$ 2,187,535</b>	<b>\$</b>	<b>21,257,434</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 6,659	\$ 481,939	\$	1,007,022
Accrued payroll	-	-	-		12,046
Deferred property taxes	-	-	-		2,376,000
Deferred grant revenue	-	-	-		2,902,705
Due to other funds	135,000	-	-		220,000
Due to other governments	-	-	-		850,651
<b>Total liabilities</b>	<b>135,000</b>	<b>6,659</b>	<b>481,939</b>		<b>7,368,424</b>
<b>FUND BALANCES</b>					
Reserved for prepaids	-	-	-		4,000
Reserved for public safety	-	-	-		638,280
Reserved for highways and streets	-	-	-		1,727,896
Reserved for community development	-	2,508,430	-		5,114,632
Unreserved - designated					
Garage operations maintenance	-	-	-		4,698,606
Unreserved - undesignated	-	-	1,705,596		1,705,596
<b>Total fund balances</b>	<b>-</b>	<b>2,508,430</b>	<b>1,705,596</b>		<b>13,889,010</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 135,000</b>	<b>\$ 2,515,089</b>	<b>\$ 2,187,535</b>	<b>\$</b>	<b>21,257,434</b>

(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, 2010

	Special Revenue				
	Motor Fuel Tax	Community Development Block Grant	First Time Homebuyer Grant	Fire Academy	Foreign Fire Insurance
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Grants	1,941,816	-	-	-	104,658
Fines and fees	-	398,964	28,498	129,841	-
Investment income	1,020	-	586	4,030	5,232
Miscellaneous	-	48,757	-	-	400
<b>Total revenues</b>	<b>1,942,836</b>	<b>447,721</b>	<b>32,084</b>	<b>133,871</b>	<b>110,290</b>
<b>EXPENDITURES</b>					
Current					
Public safety	-	-	-	120,238	147,526
Highways and streets	26,851	-	-	-	-
Community development	-	237,721	58,033	-	-
Capital outlay	2,472,586	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>2,499,437</b>	<b>237,721</b>	<b>58,033</b>	<b>120,238</b>	<b>147,526</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(556,601)</b>	<b>210,000</b>	<b>(25,949)</b>	<b>13,633</b>	<b>(37,236)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	-	(210,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(210,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(556,601)</b>	<b>-</b>	<b>(25,949)</b>	<b>13,633</b>	<b>(37,236)</b>
<b>FUND BALANCE (DEFICIT), MAY 1</b>	<b>1,346,956</b>	<b>-</b>	<b>36,096</b>	<b>246,371</b>	<b>361,288</b>
<b>FUND BALANCE, APRIL 30</b>	<b>\$ 790,355</b>	<b>\$ -</b>	<b>\$ 10,147</b>	<b>\$ 260,004</b>	<b>\$ 324,052</b>

Special Revenue					
Criminal Investigations	Municipal Parking Operations	TIF II North	TIF III	TIF IV	TIF V
\$ -	\$ -	\$ 1,559,858	\$ 331,407	\$ 555,707	\$ 1,426,902
191,465	-	-	-	-	-
-	-	-	-	-	-
-	975,809	-	-	-	-
5,681	71,488	22,920	16,720	4,835	24,422
100	1,259	-	-	-	-
197,246	1,048,556	1,582,778	348,127	560,542	1,451,324
189,981	-	-	-	-	-
-	1,140,568	6,967	-	-	-
-	-	-	26,092	100,659	54,125
-	18,305	605,531	-	469,809	6,967
-	-	-	-	-	388,691
-	-	-	-	-	19,435
189,981	1,158,873	612,498	26,092	570,468	469,218
7,265	(110,317)	970,280	322,035	(9,926)	982,106
-	-	-	(256,600)	-	(262,800)
-	-	-	(256,600)	-	(262,800)
7,265	(110,317)	970,280	65,435	(9,926)	719,306
50,959	4,808,923	(32,739)	993,094	28,483	799,663
\$ 58,224	\$ 4,698,606	\$ 937,541	\$ 1,058,529	\$ 18,557	\$ 1,518,969

(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, 2010

	Special Revenue		Capital Projects		Total
	Operation Green Light Grant	Flood Control Phase V	Public Building		
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,873,874
Intergovernmental	-	-	-	-	2,237,939
Grants	-	-	-	-	427,462
Fines and fees	-	-	-	-	1,108,650
Investment income	-	24,519	32,859	-	214,312
Miscellaneous	-	-	-	-	50,516
<b>Total revenues</b>	<b>-</b>	<b>24,519</b>	<b>32,859</b>	<b>-</b>	<b>7,912,753</b>
<b>EXPENDITURES</b>					
Current					
Public safety	-	-	-	-	457,745
Highways and streets	-	-	-	-	1,174,386
Community development	-	-	-	-	476,630
Capital outlay	-	91,460	22,608	-	3,687,266
Debt service					
Principal	-	-	-	-	388,691
Interest	-	-	-	-	19,435
<b>Total expenditures</b>	<b>-</b>	<b>91,460</b>	<b>22,608</b>	<b>-</b>	<b>6,204,153</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(66,941)</b>	<b>10,251</b>	<b>-</b>	<b>1,708,600</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	-	-	-	-	(729,400)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(729,400)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(66,941)</b>	<b>10,251</b>	<b>-</b>	<b>979,200</b>
<b>FUND BALANCE (DEFICIT), MAY 1</b>	<b>-</b>	<b>2,575,371</b>	<b>1,695,345</b>	<b>-</b>	<b>12,909,810</b>
<b>FUND BALANCE, APRIL 30</b>	<b>\$ -</b>	<b>\$ 2,508,430</b>	<b>\$ 1,705,596</b>	<b>\$ -</b>	<b>\$ 13,889,010</b>

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Intergovernmental				
Motor fuel tax revenues	\$ 2,200,000	\$ 2,200,000	\$ 1,941,816	\$ 2,007,849
State grant	-	-	-	125,000
Investment income	20,000	20,000	1,020	9,702
Total revenues	<u>2,220,000</u>	<u>2,220,000</u>	<u>1,942,836</u>	<u>2,142,551</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Contractual services	45,000	45,000	26,851	-
Capital outlay	2,726,800	2,849,696	2,472,586	1,877,358
Total expenditures	<u>2,771,800</u>	<u>2,894,696</u>	<u>2,499,437</u>	<u>1,877,358</u>
NET CHANGE IN FUND BALANCE	<u>\$ (551,800)</u>	<u>\$ (674,696)</u>	(556,601)	265,193
FUND BALANCE, MAY 1			<u>1,346,956</u>	<u>1,081,763</u>
FUND BALANCE, APRIL 30			<u>\$ 790,355</u>	<u>\$ 1,346,956</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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Intergovernmental				
Federal grants	\$ 397,700	\$ 526,413	\$ 398,964	\$ 330,693
Miscellaneous				
Program income	50,000	50,000	48,757	17,669
Total revenues	<u>447,700</u>	<u>576,413</u>	<u>447,721</u>	<u>348,362</u>
<b>EXPENDITURES</b>				
Current				
Community development				
Planning and community development				
Salaries	64,600	72,300	72,300	58,464
CDBG program				
Other charges	173,100	294,113	165,421	139,898
Total expenditures	<u>237,700</u>	<u>366,413</u>	<u>237,721</u>	<u>198,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	210,000	210,000	210,000	150,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(210,000)	(210,000)	(210,000)	(150,000)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	-
FUND BALANCE, MAY 1			-	-
FUND BALANCE, APRIL 30			<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIRST TIME HOMEBUYER GRANT FUND

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

For the Year Ended April 30, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental				
Federal grants	\$ 30,000	\$ 30,000	\$ 28,498	\$ 14,999
Fines and fees				
Program administration fee	3,000	1,500	3,000	5,000
Investment income	100	100	586	1,555
<b>Total revenues</b>	<b>33,100</b>	<b>31,600</b>	<b>32,084</b>	<b>21,554</b>
<b>EXPENDITURES</b>				
Current				
Community development				
Planning and community development				
Salaries	36,300	28,600	28,035	33,887
Other charges	30,000	30,000	29,998	15,446
<b>Total expenditures</b>	<b>66,300</b>	<b>58,600</b>	<b>58,033</b>	<b>49,333</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (33,200)</b>	<b>\$ (27,000)</b>	<b>(25,949)</b>	<b>(27,779)</b>
<b>FUND BALANCE, MAY 1</b>			<b>36,096</b>	<b>63,875</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 10,147</b>	<b>\$ 36,096</b>

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Fines and fees				
Fire academy tuition	\$ 187,000	\$ 187,000	\$ 129,841	\$ 168,471
Investment income	8,000	8,000	4,030	6,347
Miscellaneous	-	-	-	4,723
	<hr/>			
Total revenues	195,000	195,000	133,871	179,541
	<hr/>			
<b>EXPENDITURES</b>				
Current				
Public safety				
Fire academy				
Salaries	60,300	60,300	51,998	71,038
Contractual services	86,400	86,400	44,744	92,628
Commodities	39,100	39,100	23,496	38,461
	<hr/>			
Total expenditures	185,800	185,800	120,238	202,127
	<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ 9,200</u>	<u>\$ 9,200</u>	13,633	(22,586)
FUND BALANCE, MAY 1			<u>246,371</u>	<u>268,957</u>
FUND BALANCE, APRIL 30			<u>\$ 260,004</u>	<u>\$ 246,371</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FOREIGN FIRE INSURANCE FUND

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

For the Year Ended April 30, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental				
Foreign fire insurance tax	\$ 90,000	\$ 90,000	\$ 104,658	\$ 90,271
Investment income	10,000	10,000	5,232	9,771
Miscellaneous income	-	-	400	-
<b>Total revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>110,290</b>	<b>100,042</b>
<b>EXPENDITURES</b>				
Current				
Public safety	145,000	145,000	147,526	213,035
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (45,000)</b>	<b>\$ (45,000)</b>	<b>(37,236)</b>	<b>(112,993)</b>
<b>FUND BALANCE, MAY 1</b>			<b>361,288</b>	<b>474,281</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 324,052</b>	<b>\$ 361,288</b>

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 121,177	\$ 191,465	\$ 156,582
Investment income	-	-	5,681	3,453
Miscellaneous income	-	-	100	-
Total revenues	-	121,177	197,246	160,035
<b>EXPENDITURES</b>				
Current				
Public safety	-	131,167	189,981	91,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(9,990)	7,265	68,686
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	-	-	-	(158,815)
Total other financing sources (uses)	-	-	-	(158,815)
NET CHANGE IN FUND BALANCE	\$ -	\$ (9,990)	7,265	(90,129)
FUND BALANCE, MAY 1			50,959	141,088
FUND BALANCE, APRIL 30			\$ 58,224	\$ 50,959

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Fines and fees	\$ 1,031,700	\$ 1,031,700	\$ 975,809	\$ 1,035,152
Investment income	100,000	100,000	71,488	120,881
Miscellaneous	-	-	1,259	-
Total revenues	<u>1,131,700</u>	<u>1,131,700</u>	<u>1,048,556</u>	<u>1,156,033</u>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Salaries	461,100	461,100	431,994	427,944
Contractual services	362,400	364,484	349,551	345,842
Commodities	71,100	71,426	45,523	62,128
Other charges	313,500	313,500	313,500	298,600
Capital outlay	120,000	120,000	18,305	38,200
Total expenditures	<u>1,328,100</u>	<u>1,330,510</u>	<u>1,158,873</u>	<u>1,172,714</u>
NET CHANGE IN FUND BALANCE	<u>\$ (196,400)</u>	<u>\$ (198,810)</u>	(110,317)	(16,681)
FUND BALANCE, MAY 1			<u>4,808,923</u>	<u>4,825,604</u>
FUND BALANCE, APRIL 30			<u>\$ 4,698,606</u>	<u>\$ 4,808,923</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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Property taxes	\$ 1,698,400	\$ 1,698,400	\$ 1,559,858	\$ 1,689,958
Investment income	1,000	1,000	22,920	4,864
<b>Total revenues</b>	<b>1,699,400</b>	<b>1,699,400</b>	<b>1,582,778</b>	<b>1,694,822</b>
<b>EXPENDITURES</b>				
Current				
Highways and streets				
Contractual services	-	-	-	2,250
Other charges	30,000	30,000	6,967	45,165
Capital outlay	1,238,390	1,271,296	605,531	246,236
<b>Total expenditures</b>	<b>1,268,390</b>	<b>1,301,296</b>	<b>612,498</b>	<b>293,651</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>431,010</b>	<b>398,104</b>	<b>970,280</b>	<b>1,401,171</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	748,805
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>748,805</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 431,010</b>	<b>\$ 398,104</b>	<b>970,280</b>	<b>2,149,976</b>
<b>FUND BALANCE (DEFICIT), MAY 1</b>			<b>(32,739)</b>	<b>(2,182,715)</b>
<b>FUND BALANCE (DEFICIT), APRIL 30</b>			<b>\$ 937,541</b>	<b>\$ (32,739)</b>

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Property taxes	\$ 380,000	\$ 380,000	\$ 331,407	\$ 380,438
Investment income	30,000	30,000	16,720	27,296
Total revenues	410,000	410,000	348,127	407,734
<b>EXPENDITURES</b>				
Current				
Community development				
Administration	30,000	30,000	6,967	31,250
Contractual services	30,000	30,000	4,125	-
Other expenditures	15,000	15,000	15,000	-
Total expenditures	75,000	75,000	26,092	31,250
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	335,000	335,000	322,035	376,484
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(256,600)	(256,600)	(256,600)	(257,200)
Total other financing sources (uses)	(256,600)	(256,600)	(256,600)	(257,200)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 78,400</u>	<u>\$ 78,400</u>	65,435	119,284
<b>FUND BALANCE, MAY 1</b>			993,094	873,810
<b>FUND BALANCE, APRIL 30</b>			<u>\$ 1,058,529</u>	<u>\$ 993,094</u>

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Property taxes	\$ 540,200	\$ 540,200	\$ 555,707	\$ 543,663
Investment income	1,000	1,000	4,835	23,827
Miscellaneous	-	-	-	25,902
<b>Total revenues</b>	<b>541,200</b>	<b>541,200</b>	<b>560,542</b>	<b>593,392</b>
<b>EXPENDITURES</b>				
Current				
Community development				
Contractual services	200,000	201,547	50,659	53,392
Other expenditures	50,000	50,000	50,000	-
Capital outlay	500,000	500,000	469,809	1,603,916
<b>Total expenditures</b>	<b>750,000</b>	<b>751,547</b>	<b>570,468</b>	<b>1,657,308</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (208,800)</b>	<b>\$ (210,347)</b>	<b>(9,926)</b>	<b>(1,063,916)</b>
<b>FUND BALANCE, MAY 1</b>			<b>28,483</b>	<b>1,092,399</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 18,557</b>	<b>\$ 28,483</b>

(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, 2010  
(With Actual for 2009)

	2010			2009
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Property taxes	\$ 1,456,000	\$ 1,456,000	\$ 1,426,902	\$ 1,452,376
Investment income	15,000	15,000	24,422	32,390
Miscellaneous	-	-	-	501
<b>Total revenues</b>	<b>1,471,000</b>	<b>1,471,000</b>	<b>1,451,324</b>	<b>1,485,267</b>
<b>EXPENDITURES</b>				
Current				
Community development				
Contractual services	30,000	30,000	4,125	-
Other expenditures	50,000	50,000	50,000	-
Capital outlay	30,000	30,000	6,967	15,552
Debt service				
Principal	388,691	388,691	388,691	919,781
Interest	19,435	19,435	19,435	65,424
<b>Total expenditures</b>	<b>518,126</b>	<b>518,126</b>	<b>469,218</b>	<b>1,000,757</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>952,874</b>	<b>952,874</b>	<b>982,106</b>	<b>484,510</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(262,800)	(262,800)	(262,800)	(201,900)
<b>Total other financing sources (uses)</b>	<b>(262,800)</b>	<b>(262,800)</b>	<b>(262,800)</b>	<b>(201,900)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 690,074</b>	<b>\$ 690,074</b>	<b>719,306</b>	<b>282,610</b>
<b>FUND BALANCE, MAY 1</b>			<b>799,663</b>	<b>517,053</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 1,518,969</b>	<b>\$ 799,663</b>

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 24,519	\$ 30,696
<b>EXPENDITURES</b>				
Capital outlay				
Contractual services	-	10,714	918	41,186
Construction in progress	1,970,000	1,970,000	90,542	-
Total expenditures	1,970,000	1,980,714	91,460	41,186
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,970,000)</u>	<u>\$ (1,980,714)</u>	(66,941)	(10,490)
FUND BALANCE, MAY 1			2,575,371	2,585,861
FUND BALANCE, APRIL 30			<u>\$ 2,508,430</u>	<u>\$ 2,575,371</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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>REVENUES</b>				
Investment income	\$ 50,000	\$ 50,000	\$ 32,859	\$ 59,546
Miscellaneous	-	-	-	13,197
Total revenues	50,000	50,000	32,859	72,743
<b>EXPENDITURES</b>				
Capital outlay				
Contractual services	-	40,778	15,938	161,694
Capital outlay	-	7,049	6,670	167,809
Total expenditures	-	47,827	22,608	329,503
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50,000	2,173	10,251	(256,760)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out)	-	-	-	(105,000)
Total other financing sources (uses)	-	-	-	(105,000)
NET CHANGE IN FUND BALANCE	\$ 50,000	\$ 2,173	10,251	(361,760)
FUND BALANCE, MAY 1			1,695,345	2,057,105
FUND BALANCE, APRIL 30			\$ 1,705,596	\$ 1,695,345

(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, 2010  
(With Actual at April 30, 2009)

	2010	2009
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 5,736,567	\$ 6,735,927
Receivables		
Customer accounts	1,547,370	1,505,014
Accrued interest	23,664	54,471
Prepaid expenses	-	1,961
Inventory	256,680	403,079
Total current assets	<u>7,564,281</u>	<u>8,700,452</u>
<b>NONCURRENT ASSETS</b>		
Capital assets		
Nondepreciable capital assets	2,648,950	3,035,838
Depreciable capital assets	98,402,494	97,497,094
Accumulated depreciation	<u>(67,694,322)</u>	<u>(66,122,673)</u>
Net capital assets	<u>33,357,122</u>	<u>34,410,259</u>
Other assets		
Investment in joint venture	<u>14,454,669</u>	<u>14,471,898</u>
Total other assets	<u>14,454,669</u>	<u>14,471,898</u>
Total noncurrent assets	<u>47,811,791</u>	<u>48,882,157</u>
Total assets	<u>55,376,072</u>	<u>57,582,609</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	289,629	370,558
Accrued payroll	88,360	67,324
Compensated absences payable	<u>55,216</u>	<u>58,159</u>
Total current liabilities	<u>433,205</u>	<u>496,041</u>
<b>LONG-TERM LIABILITIES</b>		
Compensated absences payable	312,887	329,565
Net other postemployment benefits obligation	<u>136,171</u>	<u>68,249</u>
Total long-term liabilities	<u>449,058</u>	<u>397,814</u>
Total liabilities	<u>882,263</u>	<u>893,855</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	33,357,122	34,410,259
Unrestricted	<u>21,136,687</u>	<u>22,278,495</u>
TOTAL NET ASSETS	<u>\$ 54,493,809</u>	<u>\$ 56,688,754</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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 13,328,700	\$ 13,328,700	\$ 11,908,829	\$ 11,789,339
Miscellaneous	97,000	97,000	118,281	108,332
Total operating revenues	13,425,700	13,425,700	12,027,110	11,897,671
<b>OPERATING EXPENSES</b>				
Personal services	5,470,600	5,470,600	5,203,167	5,296,292
Contractual services	2,100,800	2,147,315	2,076,198	2,162,848
Northwest Water Commission	3,300,000	3,300,000	3,290,902	3,274,989
Commodities	934,000	960,989	876,536	656,104
Charges for services	1,405,900	1,405,900	1,207,879	1,150,227
Gain from joint venture				
Northwest Water Commission	-	-	17,229	61,219
Other	915,100	1,150,281	62,379	251,038
Total operating expenses	14,126,400	14,435,085	12,734,290	12,852,717
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(700,700)	(1,009,385)	(707,180)	(955,046)
Depreciation	-	-	1,571,649	1,729,574
OPERATING INCOME (LOSS)	(700,700)	(1,009,385)	(2,278,829)	(2,684,620)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	300,000	300,000	83,884	188,113
Total nonoperating revenues (expenses)	300,000	300,000	83,884	188,113
INCOME (LOSS) BEFORE TRANSFERS	(400,700)	(709,385)	(2,194,945)	(2,496,507)
<b>TRANSFERS</b>				
Transfers (out)	(80,000)	(80,000)	-	-
Total transfers	(80,000)	(80,000)	-	-
CHANGE IN NET ASSETS	\$ (480,700)	\$ (789,385)	(2,194,945)	(2,496,507)
NET ASSETS, MAY 1			56,688,754	59,185,261
NET ASSETS, APRIL 30			\$ 54,493,809	\$ 56,688,754

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>PERSONAL SERVICES</b>				
Finance				
Salaries	\$ 498,200	\$ 498,200	\$ 479,256	\$ 449,675
Overtime	500	500	-	-
Workers' compensation	1,100	1,100	1,100	1,000
Medical insurance	88,200	88,200	88,200	74,400
IMRF	65,700	65,700	55,343	56,046
FICA	30,900	30,900	28,907	27,252
Medicare	7,200	7,200	6,761	6,373
Water utility operations				
Salaries	3,027,100	3,027,100	3,045,922	2,992,077
Overtime	342,100	342,100	201,276	309,809
Workers' compensation	195,800	195,800	195,800	186,500
Medical insurance	511,600	511,600	511,600	485,100
IMRF	445,900	445,900	370,033	414,732
FICA	207,400	207,400	192,914	201,283
Medicare	48,900	48,900	45,676	47,617
Compensated absences	-	-	(19,621)	44,428
Total personal services	5,470,600	5,470,600	5,203,167	5,296,292
<b>CONTRACTUAL SERVICES</b>				
Finance				
Professional service	14,300	14,300	11,555	11,555
Equipment maintenance	1,500	1,500	-	-
Other services	78,500	79,524	76,238	62,090
Travel and training	1,500	1,500	340	1,851
Postage	61,000	61,000	64,551	56,332
Printing	14,200	14,200	11,892	15,635
IT service charge	102,400	102,400	102,400	108,300
Water utility operations				
Professional services	49,000	49,000	31,943	34,674
General insurance	44,800	44,800	44,800	42,700
Equipment maintenance	32,000	37,000	19,461	22,046
Radio maintenance	2,500	2,500	577	2,214
Building maintenance	8,000	9,450	2,848	1,014
Pumping station maintenance	22,000	31,500	20,988	10,090
Sewer collection system	20,000	24,923	14,142	15,038
Water distribution system	115,000	139,618	108,574	98,638

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>CONTRACTUAL SERVICES (Continued)</b>				
Water utility operations (Continued)				
Meter installation	\$ 198,000	\$ 198,000	\$ 215,718	\$ 271,473
Equipment rental	260,000	260,000	183,574	232,266
Utility services	311,000	311,000	451,155	460,542
Disposal services	80,000	80,000	46,620	57,282
Other services	64,000	64,000	33,494	71,541
Dues	3,000	3,000	4,673	1,947
Travel and training	16,500	16,500	17,579	20,370
Postage	3,500	3,500	2,383	2,287
Printing	1,800	1,800	1,681	1,774
Annual consumer report	18,000	18,000	13,563	12,930
Service charge	153,400	153,400	153,400	164,400
Claims and refunds	10,000	10,000	-	3,401
Vehicle/equipment lease charge	394,900	394,900	394,900	335,700
Telephone services	20,000	20,000	47,149	44,758
Total contractual services	2,100,800	2,147,315	2,076,198	2,162,848
NORTHWEST WATER COMMISSION	3,300,000	3,300,000	3,290,902	3,274,989
<b>COMMODITIES</b>				
Finance				
Office supplies and equipment	5,000	5,000	4,514	3,088
Overhead sewer rebate program	50,000	50,000	35,312	7,500
Water utility operations				
Publications and periodicals	1,000	1,000	558	761
Office supplies and equipment	3,500	3,500	3,354	4,023
Photographic supplies	1,500	1,500	371	21
Data system supplies	7,000	7,000	1,098	4,457
Clothing	30,000	30,000	16,385	25,845
Petroleum products	88,000	88,000	61,755	85,637
Water distribution supplies	185,000	185,000	167,203	145,339
Meter/backflow devices	180,000	184,100	277,505	94,893
Pumping and storage supplies	30,000	39,986	23,401	9,502
Sewer collection supplies	33,000	33,000	38,311	33,573
Agricultural supplies	15,000	15,000	2,213	5,848
Building supplies	15,000	15,000	3,667	6,273
Chemicals	23,000	23,000	6,516	15,229

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>COMMODITIES (Continued)</b>				
Water utility operations (Continued)				
Other equipment and supplies	\$ 64,000	\$ 76,903	\$ 45,239	\$ 65,133
Small tools and equipment	20,000	20,000	7,438	9,915
Street and sidewalk supplies	168,000	168,000	175,614	126,363
Other supplies	15,000	15,000	6,082	12,704
Total commodities	934,000	960,989	876,536	656,104
<b>CHARGES FOR SERVICES</b>				
Water utility operations				
Administrative service charge	1,205,900	1,205,900	1,205,900	1,148,500
Operating contingency	200,000	200,000	-	-
Other	-	-	1,979	1,727
Total charges for services	1,405,900	1,405,900	1,207,879	1,150,227
<b>GAIN FROM JOINT VENTURE</b>				
Northwest Water Commission	-	-	17,229	61,219
<b>OTHER</b>				
Capital outlay				
Water utility operations				
Office equipment	15,000	16,390	6,039	8,594
Other equipment	100,100	106,465	41,675	80,342
Building improvements	10,000	16,168	12,871	14,071
Construction in progress	790,000	1,011,258	520,306	1,474,028
Subtotal	915,100	1,150,281	580,891	1,577,035
<b>TOTAL OPERATIONS</b>	<b>\$ 14,126,400</b>	<b>\$ 14,435,085</b>	13,252,802	14,178,714
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Assets capitalized			(518,512)	(1,325,997)
<b>TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS</b>			<b>\$ 12,734,290</b>	<b>\$ 12,852,717</b>

(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, 2010

	Solid Waste Disposal	Arts, Entertainment & Events	Total
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 1,603,366	\$ 511,725	\$ 2,115,091
Receivables			
Customer accounts	71,610	-	71,610
Accrued interest	3,311	1,966	5,277
Prepaid expenses	121,509	4,000	125,509
<b>Total current assets</b>	<b>1,799,796</b>	<b>517,691</b>	<b>2,317,487</b>
<b>CAPITAL ASSETS</b>			
Nondepreciable capital assets	-	475,200	475,200
Depreciable capital assets	-	2,514,999	2,514,999
Accumulated depreciation	-	(505,199)	(505,199)
<b>Net capital assets</b>	<b>-</b>	<b>2,485,000</b>	<b>2,485,000</b>
<b>Total assets</b>	<b>1,799,796</b>	<b>3,002,691</b>	<b>4,802,487</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	500	3,482	3,982
<b>NET ASSETS</b>			
Invested in capital assets	-	2,485,000	2,485,000
Unrestricted	1,799,296	514,209	2,313,505
<b>TOTAL NET ASSETS</b>	<b>\$ 1,799,296</b>	<b>\$ 2,999,209</b>	<b>\$ 4,798,505</b>

(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, 2010

	Solid Waste Disposal	Arts, Entertainment & Events	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,627,737	\$ 30,375	\$ 1,658,112
Miscellaneous			
Other	34,432	-	34,432
Total operating revenues	1,662,169	30,375	1,692,544
<b>OPERATING EXPENSES</b>			
Operations	1,422,141	355,204	1,777,345
Depreciation	-	85,749	85,749
Total operating expenses	1,422,141	440,953	1,863,094
OPERATING INCOME (LOSS)	240,028	(410,578)	(170,550)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	21,560	11,514	33,074
Food and beverage tax	-	419,219	419,219
Total nonoperating revenues (expenses)	21,560	430,733	452,293
INCOME BEFORE TRANSFERS	261,588	20,155	281,743
<b>TRANSFERS</b>			
Transfers (out)	-	(300,000)	(300,000)
CHANGE IN NET ASSETS	261,588	(279,845)	(18,257)
NET ASSETS, MAY 1	1,537,708	3,279,054	4,816,762
NET ASSETS, APRIL 30	\$ 1,799,296	\$ 2,999,209	\$ 4,798,505

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2010

	Solid Waste Disposal	Arts, Entertainment & Events	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,659,404	\$ 30,375	\$ 1,689,779
Payments to suppliers	(1,419,165)	(357,997)	(1,777,162)
Net cash from operating activities	240,239	(327,622)	(87,383)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund transfers	-	(300,000)	(300,000)
Food and beverage tax receipts	-	419,219	419,219
Net cash from noncapital financing activities	-	119,219	119,219
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	-	-	-
Net cash from capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	29,032	15,263	44,295
Net cash from investing activities	29,032	15,263	44,295
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	269,271	(193,140)	76,131
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	1,334,095	704,865	2,038,960
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<u>\$ 1,603,366</u>	<u>\$ 511,725</u>	<u>\$ 2,115,091</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, 2010

	Solid Waste Disposal	Arts, Entertainment & Events	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 240,028	\$ (410,578)	\$ (170,550)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	-	85,749	85,749
Change in assets and liabilities			
Receivables	(2,765)	-	(2,765)
Prepaid expenses	2,476	(4,000)	(1,524)
Accounts payable	500	1,207	1,707
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 240,239</b>	<b>\$ (327,622)</b>	<b>\$ (87,383)</b>

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,630,000	\$ 1,630,000	\$ 1,627,737	\$ 1,629,122
Miscellaneous	-	-	34,432	119,842
Total operating revenues	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,662,169</u>	<u>1,748,964</u>
<b>OPERATING EXPENSES</b>				
Operations	<u>1,446,500</u>	<u>1,478,820</u>	<u>1,422,141</u>	<u>1,541,944</u>
OPERATING INCOME	183,500	151,180	240,028	207,020
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	<u>30,000</u>	<u>30,000</u>	<u>21,560</u>	<u>31,016</u>
CHANGE IN NET ASSETS	<u>\$ 213,500</u>	<u>\$ 181,180</u>	261,588	238,036
NET ASSETS, MAY 1			<u>1,537,708</u>	<u>1,299,672</u>
NET ASSETS, APRIL 30			<u>\$ 1,799,296</u>	<u>\$ 1,537,708</u>

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
OPERATING REVENUES				
Special events	\$ 34,600	\$ 34,600	\$ 30,375	\$ 32,351
OPERATING EXPENSES				
Operations	454,000	454,000	355,204	295,328
Depreciation	-	-	85,749	87,705
Total operating expenses	454,000	454,000	440,953	383,033
OPERATING INCOME (LOSS)	(419,400)	(419,400)	(410,578)	(350,682)
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,000	5,000	11,514	16,304
Premium sponsor	5,000	5,000	-	-
Food and beverage tax	479,000	479,000	419,219	478,671
Total nonoperating revenues (expenses)	489,000	489,000	430,733	494,975
INCOME BEFORE TRANSFERS	69,600	69,600	20,155	144,293
TRANSFERS				
Transfers (out)	-	(300,000)	(300,000)	-
CHANGE IN NET ASSETS	\$ 69,600	\$ (230,400)	(279,845)	144,293
NET ASSETS, MAY 1			3,279,054	3,134,761
NET ASSETS, APRIL 30			\$ 2,999,209	\$ 3,279,054

(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, 2010

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 2,924,809	\$ 228,459	\$ 4,753,121
Receivables			
Accrued interest	12,524	-	15,500
Prepaid expenses	-	-	9,014
Inventory	-	-	-
	<hr/>		
Total current assets	2,937,333	228,459	4,777,635
<b>CAPITAL ASSETS</b>			
Cost	-	-	-
Accumulated depreciation	-	-	-
	<hr/>		
Net capital assets	-	-	-
	<hr/>		
Total assets	2,937,333	228,459	4,777,635
<b>CURRENT LIABILITIES</b>			
Accounts payable	256,561	-	-
Accrued payroll	1,681	-	-
Claims payable	639,981	228,459	1,086,981
Compensated absences payable	574	-	-
	<hr/>		
Total current liabilities	898,797	228,459	1,086,981
<b>LONG-TERM LIABILITIES</b>			
Compensated absences payable	3,253	-	-
Net other postemployment benefits obligation	10,699	-	-
	<hr/>		
Total long-term liabilities	13,952	-	-
	<hr/>		
Total liabilities	912,749	228,459	1,086,981
<b>NET ASSETS</b>			
Invested in capital assets	-	-	-
Unreserved	2,024,584	-	3,690,654
	<hr/>		
TOTAL NET ASSETS	\$ 2,024,584	\$ -	\$ 3,690,654

Workers' Compensation	Fleet Operations	Technology	Total
\$ 5,242,109	\$ 5,689,935	\$ 1,204,070	\$ 20,042,503
13,381	18,007	5,825	65,237
-	1,372	-	10,386
-	82,591	-	82,591
5,255,490	5,791,905	1,209,895	20,200,717
-	16,288,235	-	16,288,235
-	(10,536,413)	-	(10,536,413)
-	5,751,822	-	5,751,822
5,255,490	11,543,727	1,209,895	25,952,539
11,413	51,116	18,181	337,271
1,016	17,878	13,829	34,404
1,274,338	-	-	3,229,759
523	16,044	9,027	26,168
1,287,290	85,038	41,037	3,627,602
2,967	90,914	51,150	148,284
5,349	64,195	42,797	123,040
8,316	155,109	93,947	271,324
1,295,606	240,147	134,984	3,898,926
-	5,751,822	-	5,751,822
3,959,884	5,551,758	1,074,911	16,301,791
\$ 3,959,884	\$ 11,303,580	\$ 1,074,911	\$ 22,053,613

(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, 2010

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 8,146,735	\$ 1,555,389	\$ 592,800
Fines	-	-	-
Miscellaneous			
Other	-	102,322	-
Total operating revenues	<u>8,146,735</u>	<u>1,657,711</u>	<u>592,800</u>
<b>OPERATING EXPENSES</b>			
Personal services	111,991	-	-
Contractual services	3,266,760	581,395	334,845
Commodities	392	-	-
Insurance claims	3,870,728	1,593,995	314,977
Capital outlay	-	-	-
Total operating expenses	<u>7,249,871</u>	<u>2,175,390</u>	<u>649,822</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	896,864	(517,679)	(57,022)
<b>DEPRECIATION</b>	-	-	-
<b>OPERATING INCOME (LOSS)</b>	<u>896,864</u>	<u>(517,679)</u>	<u>(57,022)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	22,970	-	71,993
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>22,970</u>	<u>-</u>	<u>71,993</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>919,834</u>	<u>(517,679)</u>	<u>14,971</u>
<b>TRANSFERS</b>			
Transfers in	-	517,679	-
Transfers (out)	(517,679)	-	-
Total transfers	<u>(517,679)</u>	<u>517,679</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	402,155	-	14,971
<b>NET ASSETS, MAY 1</b>	<u>1,622,429</u>	<u>-</u>	<u>3,675,683</u>
<b>NET ASSETS, APRIL 30</b>	<u>\$ 2,024,584</u>	<u>\$ -</u>	<u>\$ 3,690,654</u>

	Workers' Compensation	Fleet Operations	Technology	Total
\$	1,734,067	\$ 2,617,199	\$ 1,516,500	\$ 16,162,690
	-	31,992	-	31,992
	53,718	135,479	778	292,297
	1,787,785	2,784,670	1,517,278	16,486,979
	100,336	1,200,642	854,676	2,267,645
	277,954	238,319	294,129	4,993,402
	1,625	349,599	60,817	412,433
	870,307	-	-	6,650,007
	-	1,350	158,404	159,754
	1,250,222	1,789,910	1,368,026	14,483,241
	537,563	994,760	149,252	2,003,738
	-	1,118,346	-	1,118,346
	537,563	(123,586)	149,252	885,392
	71,689	90,834	27,073	284,559
	-	146,646	-	146,646
	71,689	237,480	27,073	431,205
	609,252	113,894	176,325	1,316,597
	-	-	-	517,679
	-	(400,000)	(900,000)	(1,817,679)
	-	(400,000)	(900,000)	(1,300,000)
	609,252	(286,106)	(723,675)	16,597
	3,350,632	11,589,686	1,798,586	22,037,016
\$	3,959,884	\$ 11,303,580	\$ 1,074,911	\$ 22,053,613

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2010

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services	\$ 8,146,735	\$ 1,657,711	\$ 592,800
Payments to suppliers	(6,930,303)	(2,164,694)	(862,340)
Payments to employees	(105,324)	-	-
Net cash from operating activities	1,111,108	(506,983)	(269,540)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund transfers	(517,679)	517,679	-
Net cash from noncapital financing activities	(517,679)	517,679	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	-	-	-
Proceeds from the sale of capital assets	-	-	-
Net cash from capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	31,393	-	96,310
Net cash from investing activities	31,393	-	96,310
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>624,822</b>	<b>10,696</b>	<b>(173,230)</b>
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<b>2,299,987</b>	<b>217,763</b>	<b>4,926,351</b>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<b>\$ 2,924,809</b>	<b>\$ 228,459</b>	<b>\$ 4,753,121</b>

	Workers' Compensation	Fleet Operations	Technology	Total
\$	1,787,785	\$ 2,784,670	\$ 1,517,278	\$ 16,486,979
	(1,250,112)	(1,022,909)	(499,048)	(12,729,406)
	(97,171)	(1,161,237)	(824,552)	(2,188,284)
	440,502	600,524	193,678	1,569,289
	-	(400,000)	(900,000)	(1,300,000)
	-	(400,000)	(900,000)	(1,300,000)
	-	(745,957)	-	(745,957)
	-	125,751	-	125,751
	-	(620,206)	-	(620,206)
	96,026	121,229	36,396	381,354
	96,026	121,229	36,396	381,354
	536,528	(298,453)	(669,926)	30,437
	4,705,581	5,988,388	1,873,996	20,012,066
\$	5,242,109	\$ 5,689,935	\$ 1,204,070	\$ 20,042,503

(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, 2010

	Health and Life Insurance	Retiree Health Insurance	General Liability Insurance
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 896,864	\$ (517,679)	\$ (57,022)
Depreciation	-	-	-
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Change in assets and liabilities			
Prepaid expenses	-	-	(9,014)
Inventories	-	-	-
Accounts payable	173,708	-	(1,319)
Accrued payroll	384	-	-
Compensated absences payable	946	-	-
Net other postemployment benefits obligation	5,337	-	-
Claims payable	33,869	10,696	(202,185)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,111,108</b>	<b>\$ (506,983)</b>	<b>\$ (269,540)</b>

	Workers' Compensation	Fleet Operations	Technology	Total
\$	537,563	\$ (123,586)	\$ 149,252	\$ 885,392
	-	1,118,346	-	1,118,346
	-	(865)	11,731	1,852
	-	(1,795)	-	(1,795)
	(5,886)	(430,981)	2,571	(261,907)
	682	(412)	3,702	4,356
	(185)	7,797	5,075	13,633
	2,668	32,020	21,347	61,372
	(94,340)	-	-	(251,960)
\$	440,502	\$ 600,524	\$ 193,678	\$ 1,569,289

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,010,100	\$ 8,010,100	\$ 8,146,735	\$ 7,938,408
Miscellaneous	-	-	-	107,371
Total operating revenues	8,010,100	8,010,100	8,146,735	8,045,779
<b>OPERATING EXPENSES</b>				
Personal services	107,700	107,700	111,991	98,691
Contractual services	3,375,100	3,375,100	3,266,760	3,447,541
Commodities	500	500	392	466
Insurance claims	5,231,400	5,231,400	3,870,728	4,060,957
Total operating expenses	8,714,700	8,714,700	7,249,871	7,607,655
OPERATING INCOME (LOSS)	(704,600)	(704,600)	896,864	438,124
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	50,000	50,000	22,970	46,537
INCOME (LOSS) BEFORE TRANSFERS	(654,600)	(654,600)	919,834	484,661
<b>TRANSFERS</b>				
Transfers in	440,000	440,000	-	-
Transfers (out)	(924,100)	(924,100)	(517,679)	(872,085)
Total transfers	(484,100)	(484,100)	(517,679)	(872,085)
CHANGE IN NET ASSETS	\$ (1,138,700)	\$ (1,138,700)	402,155	(387,424)
NET ASSETS, MAY 1			1,622,429	2,009,853
NET ASSETS, APRIL 30			\$ 2,024,584	\$ 1,622,429

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,310,000	\$ 1,310,000	\$ 1,555,389	\$ 1,361,290
Miscellaneous income	-	-	102,322	-
Total operating revenues	1,310,000	1,310,000	1,657,711	1,361,290
<b>OPERATING EXPENSES</b>				
Contractual services	581,700	581,700	581,395	515,656
Insurance claims	1,652,400	1,652,400	1,593,995	1,717,719
Total operating expenses	2,234,100	2,234,100	2,175,390	2,233,375
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(924,100)</b>	<b>(924,100)</b>	<b>(517,679)</b>	<b>(872,085)</b>
<b>TRANSFERS</b>				
Transfers in	924,100	924,100	517,679	872,085
<b>CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
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, 2010  
(With Actual for 2009)

	2010		2009 Actual	
	Original Budget	Final Budget		Actual
<b>OPERATING REVENUES</b>				
Charges for services	\$ 592,800	\$ 592,800	\$ 592,800	\$ 564,700
Miscellaneous	-	-	-	7,199
Total operating revenues	592,800	592,800	592,800	571,899
<b>OPERATING EXPENSES</b>				
Contractual services	478,900	478,900	334,845	350,461
Insurance claims	395,000	395,000	314,977	264,576
Total operating expenses	873,900	873,900	649,822	615,037
OPERATING INCOME (LOSS)	(281,100)	(281,100)	(57,022)	(43,138)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	100,000	100,000	71,993	129,942
CHANGE IN NET ASSETS	\$ (181,100)	\$ (181,100)	14,971	86,804
NET ASSETS, MAY 1			3,675,683	3,588,879
NET ASSETS, APRIL 30			\$ 3,690,654	\$ 3,675,683

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,606,100	\$ 1,606,100	\$ 1,734,067	\$ 1,672,606
Miscellaneous				
Other	-	-	53,718	8,415
Total operating revenues	1,606,100	1,606,100	1,787,785	1,681,021
<b>OPERATING EXPENSES</b>				
Personal services	97,600	97,600	100,336	90,786
Contractual services	348,500	348,500	277,954	305,225
Commodities	2,700	2,700	1,625	1,511
Insurance claims	800,000	800,000	870,307	1,287,614
Total operating expenses	1,248,800	1,248,800	1,250,222	1,685,136
OPERATING INCOME (LOSS)	357,300	357,300	537,563	(4,115)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	110,000	110,000	71,689	125,124
CHANGE IN NET ASSETS	\$ 467,300	\$ 467,300	609,252	121,009
NET ASSETS, MAY 1			3,350,632	3,229,623
NET ASSETS, APRIL 30			\$ 3,959,884	\$ 3,350,632

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,599,800	\$ 2,599,800	\$ 2,617,199	\$ 2,167,530
Fines	25,000	25,000	31,992	32,360
Miscellaneous	128,200	128,200	135,479	149,979
Total operating revenues	<u>2,753,000</u>	<u>2,753,000</u>	<u>2,784,670</u>	<u>2,349,869</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,203,700	1,203,700	1,200,642	1,196,361
Contractual services	272,700	285,413	238,319	351,251
Commodities	445,100	445,100	349,599	404,438
Operating contingency	30,000	30,000	-	-
Capital outlay	1,270,000	1,492,270	1,350	22,262
Total operating expenses	<u>3,221,500</u>	<u>3,456,483</u>	<u>1,789,910</u>	<u>1,974,312</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>				
	(468,500)	(703,483)	994,760	375,557
<b>DEPRECIATION</b>				
	-	-	1,118,346	1,112,643
<b>OPERATING INCOME (LOSS)</b>				
	<u>(468,500)</u>	<u>(703,483)</u>	<u>(123,586)</u>	<u>(737,086)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	180,000	180,000	90,834	176,520
Gain on disposal of capital assets	-	-	146,646	154,231
Total nonoperating revenues (expenses)	<u>180,000</u>	<u>180,000</u>	<u>237,480</u>	<u>330,751</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>				
	(288,500)	(523,483)	113,894	(406,335)
<b>TRANSFERS</b>				
Transfers (out)	-	(400,000)	(400,000)	125,000
<b>CHANGE IN NET ASSETS</b>				
	<u>\$ (288,500)</u>	<u>\$ (923,483)</u>	<u>(286,106)</u>	<u>(281,335)</u>
<b>NET ASSETS, MAY 1</b>			<u>11,589,686</u>	<u>11,871,021</u>
<b>NET ASSETS, APRIL 30</b>			<u>\$ 11,303,580</u>	<u>\$ 11,589,686</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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>PERSONAL SERVICES</b>				
Salaries	\$ 801,100	\$ 801,100	\$ 826,113	\$ 794,093
Overtime	45,900	45,900	32,485	54,323
Workers' compensation	37,700	37,700	37,700	35,900
Medical insurance	142,100	142,100	142,100	139,600
IMRF	112,100	112,100	92,761	100,050
Social Security	52,500	52,500	49,994	49,583
Medicare	12,300	12,300	11,692	11,596
Compensated absences	-	-	7,797	11,216
<b>Total personal services</b>	<b>1,203,700</b>	<b>1,203,700</b>	<b>1,200,642</b>	<b>1,196,361</b>
<b>CONTRACTUAL SERVICES</b>				
Equipment maintenance	10,000	10,000	7,832	17,690
Radio maintenance	1,500	1,500	139	766
Vehicle equipment maintenance	126,000	129,257	106,075	151,336
Vehicle damage	25,000	25,000	23,701	56,420
Equipment rental	2,500	2,500	1,307	2,758
Lease expense	66,300	75,756	58,354	89,571
Disposal services	3,000	3,000	1,635	1,289
Other services	24,300	24,300	23,929	22,347
Dues	600	600	761	325
Travel and training	2,300	2,300	2,120	2,513
Postage	100	100	163	86
Printing	1,000	1,000	714	139
Photocopying	1,800	1,800	2,960	1,311
Vehicle and equipment lease charge	8,300	8,300	8,629	4,700
<b>Total contractual services</b>	<b>272,700</b>	<b>285,413</b>	<b>238,319</b>	<b>351,251</b>

(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, 2010  
(With Actual for 2009)

	2010			2009 Actual
	Original Budget	Final Budget	Actual	
<b>COMMODITIES</b>				
Publications and periodicals	\$ 300	\$ 300	\$ -	\$ -
Office supplies and equipment	400	400	378	429
Clothing	6,500	6,500	3,998	3,931
Petroleum products	900	900	385	694
Non-village fuel resale	181,700	181,700	107,003	127,694
Vehicle maintenance supplies	205,000	205,000	211,158	247,891
Other equipment and supplies	10,000	10,000	9,957	8,875
Small tools and equipment	3,500	3,500	3,604	2,012
Other supplies	1,800	1,800	1,557	807
Wheeling bus maintenance	35,000	35,000	11,559	12,105
Total commodities	445,100	445,100	349,599	404,438
OPERATING CONTINGENCY	30,000	30,000	-	-
CAPITAL OUTLAY	1,270,000	1,492,270	739,307	2,269,987
TOTAL OPERATIONS	\$ 3,221,500	\$ 3,456,483	2,527,867	4,222,037
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized			(737,957)	(2,247,725)
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS			\$ 1,789,910	\$ 1,974,312

(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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,516,500	\$ 1,516,500	\$ 1,516,500	\$ 1,585,800
Miscellaneous	-	-	778	-
Total operating revenues	1,516,500	1,516,500	1,517,278	1,585,800
<b>OPERATING EXPENSES</b>				
Personal services	897,000	897,000	854,676	867,023
Contractual services	329,100	334,475	294,129	320,188
Commodities	91,000	94,680	60,817	46,667
Capital outlay	221,800	226,155	158,404	274,331
Total operating expenses	1,538,900	1,552,310	1,368,026	1,508,209
OPERATING INCOME (LOSS)	(22,400)	(35,810)	149,252	77,591
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	30,000	30,000	27,073	43,184
INCOME (LOSS) BEFORE TRANSFERS	7,600	(5,810)	176,325	120,775
<b>TRANSFERS</b>				
Transfers (out)	-	(900,000)	(900,000)	-
CHANGE IN NET ASSETS	\$ 7,600	\$ (905,810)	(723,675)	120,775
NET ASSETS, MAY 1			1,798,586	1,677,811
NET ASSETS, APRIL 30			\$ 1,074,911	\$ 1,798,586

(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, 2010

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,285,935	\$ 1,993,885	\$ 4,279,820
Investments			
U.S. Government and agency obligations	37,743,407	27,194,858	64,938,265
Equity securities	14,588,333	5,809,828	20,398,161
Insurance contracts	9,713,006	14,584,299	24,297,305
Illinois Funds	1,570,635	2,169,864	3,740,499
Mutual funds	6,506,014	5,837,131	12,343,145
Municipal bonds	-	2,744,998	2,744,998
Receivables			
Accrued interest	223,336	305,550	528,886
Other	4,307	5,084	9,391
<b>Total assets</b>	<b>72,634,973</b>	<b>60,645,497</b>	<b>133,280,470</b>
<b>LIABILITIES</b>			
Accounts payable	-	48	48
Deposits payable	-	-	-
Due to other funds	1,300,607	1,740,509	3,041,116
Other payables	-	-	-
<b>Total liabilities</b>	<b>1,300,607</b>	<b>1,740,557</b>	<b>3,041,164</b>
<b>NET ASSETS</b>	<b>\$ 71,334,366</b>	<b>\$ 58,904,940</b>	<b>\$ 130,239,306</b>

Agency				
Guaranty Deposits	Escrow Deposits	Special Assessments Collection	Total	
\$ 664,307	\$ 507,720	\$ 404,731	\$ 1,576,758	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
2,083	-	1,025	3,108	
-	2,478	271,004	273,482	
666,390	510,198	676,760	1,853,348	
2,600	3,276	-	5,876	
663,790	502,121	676,760	1,842,671	
-	-	-	-	
-	4,801	-	4,801	
666,390	510,198	676,760	1,853,348	
\$ -	\$ -	\$ -	\$ -	

(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, 2010

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,442,000	\$ 3,244,000	\$ 5,686,000
Participants	951,678	868,019	1,819,697
Other	3,422	18,340	21,762
Total contributions	<u>3,397,100</u>	<u>4,130,359</u>	<u>7,527,459</u>
Investment income			
Net appreciation in fair value of investments	7,927,590	8,063,993	15,991,583
Interest income	<u>2,112,552</u>	<u>1,715,735</u>	<u>3,828,287</u>
Subtotal	10,040,142	9,779,728	19,819,870
Less investment expense	<u>(188,851)</u>	<u>(160,250)</u>	<u>(349,101)</u>
Net investment income	<u>9,851,291</u>	<u>9,619,478</u>	<u>19,470,769</u>
Total additions	<u>13,248,391</u>	<u>13,749,837</u>	<u>26,998,228</u>
<b>DEDUCTIONS</b>			
Administrative	42,640	56,228	98,868
Pension benefits and refunds	<u>3,514,679</u>	<u>4,106,487</u>	<u>7,621,166</u>
Total deductions	<u>3,557,319</u>	<u>4,162,715</u>	<u>7,720,034</u>
<b>NET INCREASE</b>	9,691,072	9,587,122	19,278,194
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
May 1	<u>61,643,294</u>	<u>49,317,818</u>	<u>110,961,112</u>
April 30	<u>\$ 71,334,366</u>	<u>\$ 58,904,940</u>	<u>\$ 130,239,306</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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 2,442,000	\$ 2,442,000	\$ 2,442,000	\$ 2,307,800
Participants	950,000	950,000	951,678	920,561
Other	-	-	3,422	329,998
Total contributions	<u>3,392,000</u>	<u>3,392,000</u>	<u>3,397,100</u>	<u>3,558,359</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	1,500,000	1,500,000	7,927,590	(11,728,336)
Interest income	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,112,552</u>	<u>2,373,034</u>
Subtotal	3,300,000	3,300,000	10,040,142	(9,355,302)
Less investment expense	<u>(270,000)</u>	<u>(270,000)</u>	<u>(188,851)</u>	<u>(237,941)</u>
Net investment income	<u>3,030,000</u>	<u>3,030,000</u>	<u>9,851,291</u>	<u>(9,593,243)</u>
Total additions	<u>6,422,000</u>	<u>6,422,000</u>	<u>13,248,391</u>	<u>(6,034,884)</u>
<b>DEDUCTIONS</b>				
Administrative	43,200	43,200	42,640	32,946
Pension benefits and refunds	<u>3,608,000</u>	<u>3,608,000</u>	<u>3,514,679</u>	<u>3,294,082</u>
Total deductions	<u>3,651,200</u>	<u>3,651,200</u>	<u>3,557,319</u>	<u>3,327,028</u>
NET INCREASE (DECREASE)	<u>\$ 2,770,800</u>	<u>\$ 2,770,800</u>	9,691,072	(9,361,912)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
May 1			<u>61,643,294</u>	<u>71,005,206</u>
April 30			<u>\$ 71,334,366</u>	<u>\$ 61,643,294</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, 2010  
(With Actual for 2009)

	2010		Actual	2009 Actual
	Original Budget	Final Budget		
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 3,244,000	\$ 3,244,000	\$ 3,244,000	\$ 3,109,350
Participants	890,000	890,000	868,019	842,032
Other	-	-	18,340	7,423
Total contributions	4,134,000	4,134,000	4,130,359	3,958,805
Investment income				
Net appreciation (depreciation) in fair value in investments	1,400,000	1,400,000	8,063,993	(8,407,437)
Interest income	1,500,000	1,500,000	1,715,735	1,974,418
Subtotal	2,900,000	2,900,000	9,779,728	(6,433,019)
Less investment expense	(170,200)	(170,200)	(160,250)	(152,686)
Net investment income	2,729,800	2,729,800	9,619,478	(6,585,705)
Total additions	6,863,800	6,863,800	13,749,837	(2,626,900)
<b>DEDUCTIONS</b>				
Administrative	34,800	34,800	56,228	22,319
Pension benefits and refunds	4,097,000	4,097,000	4,106,487	3,912,502
Total deductions	4,131,800	4,131,800	4,162,715	3,934,821
NET INCREASE (DECREASE)	<u>\$ 2,732,000</u>	<u>\$ 2,732,000</u>	9,587,122	(6,561,721)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
May 1			49,317,818	55,879,539
April 30			<u>\$ 58,904,940</u>	<u>\$ 49,317,818</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, 2010

	Balances May 1	Additions	Deletions	Balances April 30
<b>GUARANTY DEPOSITS FUND</b>				
ASSETS				
Cash and investments	\$ 722,473	\$ 517	\$ 58,683	\$ 664,307
Accrued interest receivable	5,806	2,083	5,806	2,083
<b>TOTAL ASSETS</b>	<b>\$ 728,279</b>	<b>\$ 2,600</b>	<b>\$ 64,489</b>	<b>\$ 666,390</b>
LIABILITIES				
Accounts payable	\$ 1,670	\$ 2,600	\$ 1,670	\$ 2,600
Deposits payable	726,609	-	62,819	663,790
<b>TOTAL LIABILITIES</b>	<b>\$ 728,279</b>	<b>\$ 2,600</b>	<b>\$ 64,489</b>	<b>\$ 666,390</b>
<b>ESCROW DEPOSITS FUND</b>				
ASSETS				
Cash and investments	\$ 748,775	\$ 59,798	\$ 300,853	\$ 507,720
Receivables	6,067	2,478	6,067	2,478
<b>TOTAL ASSETS</b>	<b>\$ 754,842</b>	<b>\$ 62,276</b>	<b>\$ 306,920</b>	<b>\$ 510,198</b>
LIABILITIES				
Accounts payable	\$ -	\$ 3,276	\$ -	\$ 3,276
Deposits payable	750,041	59,000	306,920	502,121
Other payables	4,801	-	-	4,801
<b>TOTAL LIABILITIES</b>	<b>\$ 754,842</b>	<b>\$ 62,276</b>	<b>\$ 306,920</b>	<b>\$ 510,198</b>
<b>SPECIAL ASSESSMENTS COLLECTION FUND</b>				
ASSETS				
Cash and investments	\$ 383,943	\$ 404,731	\$ 383,943	\$ 404,731
Accrued interest receivable	-	1,025	-	1,025
Receivables	376,913	271,004	376,913	271,004
<b>TOTAL ASSETS</b>	<b>\$ 760,856</b>	<b>\$ 676,760</b>	<b>\$ 760,856</b>	<b>\$ 676,760</b>
LIABILITIES				
Deposits payable	\$ 760,856	\$ 676,760	\$ 760,856	\$ 676,760
<b>TOTAL LIABILITIES</b>	<b>\$ 760,856</b>	<b>\$ 676,760</b>	<b>\$ 760,856</b>	<b>\$ 676,760</b>

(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, 2010

	Balances May 1	Additions	Deletions	Balances April 30
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,855,191	\$ 465,046	\$ 743,479	\$ 1,576,758
Accrued interest receivable	5,806	3,108	5,806	3,108
Receivables	382,980	273,482	382,980	273,482
<b>TOTAL ASSETS</b>	<b>\$ 2,243,977</b>	<b>\$ 741,636</b>	<b>\$ 1,132,265</b>	<b>\$ 1,853,348</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,670	\$ 5,876	\$ 1,670	\$ 5,876
Deposits payable	2,237,506	735,760	1,130,595	1,842,671
Other payables	4,801	-	-	4,801
<b>TOTAL LIABILITIES</b>	<b>\$ 2,243,977</b>	<b>\$ 741,636</b>	<b>\$ 1,132,265</b>	<b>\$ 1,853,348</b>

(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 NORTHWEST CENTRAL DISPATCH  
SYSTEM BONDS, SERIES 2002A

April 30, 2010

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Date of Issue	August 15, 2002
Date of Maturity	December 1, 2022
Authorized Issue	\$3,800,000
Denomination of Bonds	\$5,000
Interest Rates	3.25% to 4.75%
Paying Agent	Bank of New York Midwest Trust Company Chicago
Purpose of Issue	Northwest Central Dispatch Building Addition
Interest Dates	June and December
Redemption	Bonds due December 1, 2011-2022 are callable on or after December 1, 2010

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2009	\$ 165,000	\$ 125,727	\$ 290,727	2010	\$ 62,863	2010	\$ 62,864
2010	175,000	119,953	294,953	2011	59,977	2011	59,976
2011	185,000	113,565	298,565	2012	56,782	2012	56,783
2012	195,000	106,627	301,627	2013	53,313	2013	53,314
2013	200,000	99,022	299,022	2014	49,511	2014	49,511
2014	215,000	91,023	306,023	2015	45,511	2015	45,512
2015	225,000	82,100	307,100	2016	41,050	2016	41,050
2016	235,000	72,650	307,650	2017	36,325	2017	36,325
2017	245,000	62,545	307,545	2018	31,272	2018	31,273
2018	260,000	51,765	311,765	2019	25,882	2019	25,883
2019	270,000	40,105	310,105	2020	20,052	2020	20,053
2020	285,000	27,645	312,645	2021	13,822	2021	13,823
2021	300,000	14,250	314,250	2022	7,125	2022	7,125
	<u>\$ 2,955,000</u>	<u>\$ 1,006,977</u>	<u>\$ 3,961,977</u>		<u>\$ 503,485</u>		<u>\$ 503,492</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003A

April 30, 2010

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
2009	\$ 200,000	\$ 60,913	\$ 260,913	2010	\$ 30,457	2010	\$ 30,456
2010	205,000	54,162	259,162	2011	27,081	2011	27,081
2011	215,000	46,731	261,731	2012	23,366	2012	23,365
2012	225,000	38,400	263,400	2013	19,200	2013	19,200
2013	235,000	29,400	264,400	2014	14,700	2014	14,700
2014	245,000	20,000	265,000	2015	10,000	2015	10,000
2015	255,000	10,200	265,200	2016	5,100	2016	5,100
	<u>\$ 1,580,000</u>	<u>\$ 259,806</u>	<u>\$ 1,839,806</u>		<u>\$ 129,904</u>		<u>\$ 129,902</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003B

April 30, 2010

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			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2009	\$ 295,000	\$ 83,806	\$ 378,806	2010	\$ 41,903	2010	\$ 41,903
2010	305,000	73,850	378,850	2011	36,925	2011	36,925
2011	325,000	62,794	387,794	2012	31,397	2012	31,397
2012	320,000	50,200	370,200	2013	25,100	2013	25,100
2013	315,000	37,400	352,400	2014	18,700	2014	18,700
2014	310,000	24,800	334,800	2015	12,400	2015	12,400
2015	310,000	12,400	322,400	2016	6,200	2016	6,200
	<u>\$ 2,180,000</u>	<u>\$ 345,250</u>	<u>\$ 2,525,250</u>		<u>\$ 172,625</u>		<u>\$ 172,625</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2004

April 30, 2010

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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			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2009	\$ 100,000	\$ 933,725	\$ 1,033,725	2010	\$ 466,863	2010	\$ 466,862
2010	100,000	930,225	1,030,225	2011	465,113	2011	465,112
2011	100,000	926,475	1,026,475	2012	463,238	2012	463,237
2012	100,000	922,475	1,022,475	2013	461,238	2013	461,237
2013	100,000	918,475	1,018,475	2014	459,238	2014	459,237
2014	100,000	914,375	1,014,375	2015	457,188	2015	457,187
2015	500,000	910,125	1,410,125	2016	455,063	2016	455,062
2016	1,000,000	888,250	1,888,250	2017	444,125	2017	444,125
2017	1,000,000	843,250	1,843,250	2018	421,625	2018	421,625
2018	1,000,000	797,000	1,797,000	2019	398,500	2019	398,500
2019	2,100,000	749,500	2,849,500	2020	374,750	2020	374,750
2020	2,215,000	644,500	2,859,500	2021	322,250	2021	322,250
2021	2,325,000	533,750	2,858,750	2022	266,875	2022	266,875
2022	2,450,000	417,500	2,867,500	2023	208,750	2023	208,750
2023	2,500,000	295,000	2,795,000	2024	147,500	2024	147,500
2024	1,900,000	170,000	2,070,000	2025	85,000	2025	85,000
2025	1,500,000	75,000	1,575,000	2026	37,500	2026	37,500
	<u>\$ 19,090,000</u>	<u>\$ 11,869,625</u>	<u>\$ 30,959,625</u>		<u>\$ 5,934,816</u>		<u>\$ 5,934,809</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2005

April 30, 2010

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
2009	\$ 210,000	\$ 66,521	\$ 276,521	2010	\$ 33,261	2010	\$ 33,260
2010	235,000	59,592	294,592	2011	29,796	2011	29,796
2011	300,000	51,837	351,837	2012	25,919	2012	25,918
2012	350,000	41,788	391,788	2013	20,894	2013	20,894
2013	400,000	29,712	429,712	2014	14,856	2014	14,856
2014	425,000	15,512	440,512	2015	7,756	2015	7,756
	<u>\$ 1,920,000</u>	<u>\$ 264,962</u>	<u>\$ 2,184,962</u>		<u>\$ 132,482</u>		<u>\$ 132,480</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2006

April 30, 2010

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
2009	\$ 1,000,000	\$ 712,000	\$ 1,712,000	2010	\$ 356,000	2010	\$ 356,000
2010	1,000,000	672,000	1,672,000	2011	336,000	2011	336,000
2011	1,400,000	632,000	2,032,000	2012	316,000	2012	316,000
2012	1,500,000	576,000	2,076,000	2013	288,000	2013	288,000
2013	1,400,000	516,000	1,916,000	2014	258,000	2014	258,000
2014	3,400,000	460,000	3,860,000	2015	230,000	2015	230,000
2015	2,100,000	324,000	2,424,000	2016	162,000	2016	162,000
2016	2,000,000	240,000	2,240,000	2017	120,000	2017	120,000
2017	2,000,000	160,000	2,160,000	2018	80,000	2018	80,000
2018	2,000,000	80,000	2,080,000	2019	40,000	2019	40,000
	<u>\$ 17,800,000</u>	<u>\$ 4,372,000</u>	<u>\$ 22,172,000</u>		<u>\$ 2,186,000</u>		<u>\$ 2,186,000</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2006A

April 30, 2010

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
2009	\$ 2,645,000	\$ 349,400	\$ 2,994,400	2010	\$ 174,700	2010	\$ 174,700
2010	2,640,000	243,600	2,883,600	2011	121,800	2011	121,800
2011	1,590,000	138,000	1,728,000	2012	69,000	2012	69,000
2012	275,000	74,400	349,400	2013	37,200	2013	37,200
2013	290,000	63,400	353,400	2014	31,700	2014	31,700
2014	305,000	51,800	356,800	2015	25,900	2015	25,900
2015	315,000	39,600	354,600	2016	19,800	2016	19,800
2016	330,000	27,000	357,000	2017	13,500	2017	13,500
2017	345,000	13,800	358,800	2018	6,900	2018	6,900
	<u>\$ 8,735,000</u>	<u>\$ 1,001,000</u>	<u>\$ 9,736,000</u>		<u>\$ 500,500</u>		<u>\$ 500,500</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009A

April 30, 2010

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			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2009	\$ 620,000	\$ 231,714	\$ 2,883,600	2010	\$ 94,150	2010	\$ 137,564
2010	1,175,000	175,900	1,728,000	2011	87,950	2011	87,950
2011	1,140,000	152,400	349,400	2012	76,200	2012	76,200
2012	2,610,000	129,600	353,400	2013	64,800	2013	64,800
2013	2,835,000	70,875	356,800	2014	35,437	2014	35,438
	<u>\$ 8,380,000</u>	<u>\$ 760,489</u>	<u>\$ 9,140,489</u>		<u>\$ 358,537</u>		<u>\$ 401,952</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009B

April 30, 2010

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	Dec. 1	Amount
2009	\$ 315,000	\$ 59,500	\$ 2,883,600	2010	\$ 22,313	2010	\$ 37,187
2010	380,000	38,325	1,728,000	2011	19,162	2011	19,163
2011	410,000	30,725	349,400	2012	15,362	2012	15,363
2012	440,000	22,525	353,400	2013	11,262	2013	11,263
2013	505,000	12,625	356,800	2014	6,312	2014	6,313
	<u>\$ 2,050,000</u>	<u>\$ 163,700</u>	<u>\$ 2,213,700</u>		<u>\$ 74,411</u>		<u>\$ 89,289</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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	154-161
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	162-167
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	168-172
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	173-174
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	175-177

*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 Seven Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010
<b>GOVERNMENTAL ACTIVITIES</b>							
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
Restricted	7,150,561	23,778,506	19,680,403	23,406,560	11,249,654	8,198,492	9,270,651
Unrestricted	42,923,085	38,276,772	42,162,160	39,057,180	47,209,312	44,189,397	40,570,428
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 134,090,291</b>	<b>\$ 138,796,504</b>	<b>\$ 148,243,917</b>	<b>\$ 158,406,643</b>	<b>\$ 164,291,280</b>	<b>\$ 163,304,922</b>	<b>\$ 161,212,692</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
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
Restricted	-	-	-	-	-	-	-
Unrestricted	35,473,518	31,089,023	30,282,536	29,862,422	26,168,160	24,524,508	23,450,192
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 62,066,835</b>	<b>\$ 65,172,850</b>	<b>\$ 65,959,368</b>	<b>\$ 64,178,896</b>	<b>\$ 63,619,694</b>	<b>\$ 61,505,516</b>	<b>\$ 59,292,314</b>
<b>PRIMARY GOVERNMENT</b>							
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
Restricted	7,150,561	23,778,506	19,680,403	23,406,560	11,249,654	8,198,492	9,270,651
Unrestricted	78,396,603	69,365,795	72,444,696	68,919,602	73,377,472	68,713,905	64,020,620
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 196,157,126</b>	<b>\$ 203,969,354</b>	<b>\$ 214,203,285</b>	<b>\$ 222,585,539</b>	<b>\$ 227,910,974</b>	<b>\$ 224,810,438</b>	<b>\$ 220,505,006</b>

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 Seven Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010
<b>EXPENSES</b>							
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
Public safety	30,383,989	28,908,330	31,411,069	34,040,770	35,805,185	38,545,819	39,868,746
Highways and streets	10,543,791	15,935,611	11,615,217	16,040,788	21,009,834	20,744,929	17,504,839
Community development	7,009,483	5,960,458	11,872,460	8,600,956	10,563,305	6,722,697	7,016,350
Health and welfare	1,912,129	1,874,012	1,966,963	2,147,585	2,273,352	2,504,784	2,413,690
Interest	2,845,524	3,252,018	3,089,512	3,429,230	3,496,323	3,273,165	3,037,995
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
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
Solid waste disposal	1,409,277	1,790,234	1,553,821	1,558,639	1,563,157	1,541,944	1,422,141
Arts, entertainment & events	-	-	345,743	393,922	435,170	383,033	440,953
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
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 74,009,526</b>	<b>\$ 75,628,814</b>	<b>\$ 81,902,621</b>	<b>\$ 88,675,573</b>	<b>\$ 93,787,658</b>	<b>\$ 96,277,799</b>	<b>\$ 93,574,387</b>

Fiscal Year	2004	2005	2006	2007	2008	2009	2010
<b>PROGRAM REVENUES</b>							
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
Public safety	1,562,810	1,857,420	2,667,502	2,840,514	2,879,405	3,109,565	2,864,781
Highways and streets	2,588,313	2,815,013	2,888,303	2,735,554	2,894,044	2,899,142	2,892,202
Community development	1,385,628	1,170,831	1,083,918	1,504,432	4,828,838	838,830	976,909
Health and welfare	58,088	55,683	42,540	51,490	38,325	68,435	56,974
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
Capital grants and contributions	260,396	110,710	360,389	54,000	330,317	790,450	108,675
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
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
Solid waste disposal	1,473,988	1,576,134	1,523,987	1,639,761	1,689,567	1,629,122	1,627,737
Art, entertainment & events	-	-	22,000	22,414	26,356	32,351	30,375
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
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 25,848,498</b>	<b>\$ 26,287,665</b>	<b>\$ 28,550,771</b>	<b>\$ 28,234,509</b>	<b>\$ 32,220,818</b>	<b>\$ 28,265,433</b>	<b>\$ 27,709,870</b>
<b>NET REVENUE (EXPENSE)</b>							
Governmental activities	\$ (47,134,815)	\$ (49,084,374)	\$ (52,949,396)	\$ (57,015,334)	\$ (59,321,872)	\$ (64,955,910)	\$ (63,262,425)
Business-type activities	(1,026,213)	(256,775)	(402,454)	(3,425,730)	(2,244,968)	(3,056,456)	(2,602,092)
<b>TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)</b>	<b>\$ (48,161,028)</b>	<b>\$ (49,341,149)</b>	<b>\$ (53,351,850)</b>	<b>\$ (60,441,064)</b>	<b>\$ (61,566,840)</b>	<b>\$ (68,012,366)</b>	<b>\$ (65,864,517)</b>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Seven Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010
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
Income	4,595,006	5,161,838	5,879,378	6,485,022	7,084,398	7,010,647	6,111,105
Sales	11,474,159	11,367,933	11,581,997	11,324,683	10,999,700	10,446,148	9,570,850
Home rule sales	3,845,749	5,397,509	6,000,585	6,010,903	5,736,288	5,244,404	5,139,660
Replacement	283,300	316,130	407,912	443,690	516,811	464,953	411,138
Use	744,168	818,163	923,941	1,000,246	1,079,824	1,085,127	915,224
Telecommunications	5,077,539	4,987,004	4,979,356	4,402,338	4,711,422	4,419,759	4,158,597
Utility	-	-	-	-	-	-	917,319
Hotel	1,167,538	1,191,907	1,301,228	1,530,315	1,705,506	1,360,158	893,169
Food and beverage	1,663,710	1,662,959	1,685,141	1,777,822	1,835,620	1,784,132	1,681,355
Foreign fire insurance	94,973	90,695	88,963	79,812	90,579	90,271	104,658
Other	60,202	53,259	49,996	36,498	45,162	43,066	46,465
Investment earnings	568,854	842,947	1,924,845	3,114,861	2,121,255	1,090,223	581,468
Miscellaneous	789,945	817,686	1,176,534	825,171	958,864	1,403,621	1,018,158
Contributions	-	-	-	-	-	10,005	-
Transfers	331,150	(2,723,320)	265,164	-	-	-	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

Fiscal Year	2004	2005	2006	2007	2008	2009	2010
<b>GENERAL REVENUES AND OTHER</b>							
<b>CHANGES IN NET ASSETS (Continued)</b>							
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
Food and beverage	-	226,280	422,796	432,456	459,171	478,671	419,219
Miscellaneous	139,441	156,692	521,907	237,036	366,269	228,174	152,713
Contributions	691,267	-	-	-	-	-	-
Transfers	(331,150)	2,723,320	(265,164)	-	-	-	(300,000)
Total business-type activities	865,095	3,362,790	1,188,972	1,645,257	1,685,766	942,278	388,890
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 54,757,012</b>	<b>\$ 57,153,377</b>	<b>\$ 63,585,781</b>	<b>\$ 68,823,328</b>	<b>\$ 66,892,275</b>	<b>\$ 64,911,830</b>	<b>\$ 61,559,085</b>
<b>CHANGE IN NET ASSETS</b>							
Governmental activities	\$ 6,757,102	\$ 4,706,213	\$ 9,447,413	\$ 10,162,737	\$ 5,884,637	\$ (986,358)	\$ (2,092,230)
Business-type activities	(161,118)	3,106,015	786,518	(1,780,473)	(559,202)	(2,114,178)	(2,213,202)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,595,984</b>	<b>\$ 7,812,228</b>	<b>\$ 10,233,931</b>	<b>\$ 8,382,264</b>	<b>\$ 5,325,435</b>	<b>\$ (3,100,536)</b>	<b>\$ (4,305,432)</b>

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>GENERAL FUND</b>										
Reserved	\$ 393,680	\$ 348,646	\$ 246,925	\$ 282,297	\$ 369,750	\$ 224,326	\$ 1,600,742	\$ 397,168	\$ 251,626	\$ 204,484
Unreserved	19,904,658	18,803,403	16,556,708	17,044,168	18,036,737	20,189,585	18,974,274	21,720,502	19,086,835	17,415,479
<b>TOTAL GENERAL FUND</b>	<b>\$ 20,298,338</b>	<b>\$ 19,152,049</b>	<b>\$ 16,803,633</b>	<b>\$ 17,326,465</b>	<b>\$ 18,406,487</b>	<b>\$ 20,413,911</b>	<b>\$ 20,575,016</b>	<b>\$ 22,117,670</b>	<b>\$ 19,338,461</b>	<b>\$ 17,619,963</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$ 9,646,607	\$ 10,159,103	\$ 10,250,060	\$ 7,708,613	\$ 24,394,865	\$ 23,882,679	\$ 21,510,777	\$ 12,566,414	\$ 9,166,943	\$ 9,274,651
Unreserved, reported in										
Special Revenue Funds	(596,565)	(376,834)	2,795,334	3,023,882	1,585,964	1,674,682	926,270	2,627,077	6,441,755	6,404,202
Capital Project Funds	12,411,375	14,251,843	12,983,846	8,402,210	4,270,623	5,061,858	7,573,195	7,362,727	5,716,699	6,162,092
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 21,461,417</b>	<b>\$ 24,034,112</b>	<b>\$ 26,029,240</b>	<b>\$ 19,134,705</b>	<b>\$ 30,251,452</b>	<b>\$ 30,619,219</b>	<b>\$ 30,010,242</b>	<b>\$ 22,556,218</b>	<b>\$ 21,325,397</b>	<b>\$ 21,840,945</b>

Data Source

Audited Financial Statements

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>										
Taxes	\$ 43,664,595	\$ 46,071,935	\$ 49,979,666	\$ 54,054,373	\$ 54,524,789	\$ 58,631,360	\$ 63,043,931	\$ 62,026,321	\$ 61,375,433	\$ 59,165,913
Licenses and permits	2,841,491	2,968,666	3,301,460	3,124,609	3,891,261	3,915,711	4,414,540	4,206,336	3,737,099	3,644,510
Intergovernmental	4,161,154	4,510,625	1,412,772	679,917	2,827,419	2,975,600	2,832,061	3,164,765	2,254,702	2,237,939
Grants	-	860,000	300,000	774,403	602,075	562,112	266,749	312,047	1,434,215	784,744
Charges for services	1,251,702	1,211,289	1,523,539	1,550,033	1,599,127	1,652,077	1,729,101	5,248,647	1,795,352	1,960,514
Fines and fees	3,863,856	3,663,903	3,871,077	3,364,561	3,805,006	4,775,288	5,207,873	5,191,984	5,490,768	5,410,109
Contributions	-	-	-	-	-	-	-	-	10,005	-
Investment income	2,450,870	2,180,920	1,051,272	567,703	842,947	1,924,844	3,114,861	2,121,251	1,090,221	581,474
Rents and reimbursables	555,346	265,749	397,585	208,456	438,583	463,729	468,418	440,515	462,268	448,573
Miscellaneous	2,378,334	1,908,754	1,254,252	1,518,485	717,241	1,200,545	625,235	740,848	1,134,110	779,348
<b>Total revenues</b>	<b>61,167,348</b>	<b>63,641,841</b>	<b>63,091,623</b>	<b>65,842,540</b>	<b>69,248,448</b>	<b>76,101,266</b>	<b>81,702,769</b>	<b>83,452,714</b>	<b>78,784,173</b>	<b>75,013,124</b>
<b>EXPENDITURES</b>										
General government	4,336,819	4,495,844	5,018,723	5,025,877	5,681,324	5,548,724	5,686,903	6,116,676	6,536,042	7,875,528
Public safety	22,867,289	23,917,280	25,449,152	26,808,383	28,054,035	30,362,748	33,002,637	35,059,075	36,927,740	37,509,901
Highways and streets	15,213,653	11,962,934	8,599,960	8,302,897	10,579,463	10,981,937	11,766,455	12,079,230	12,462,281	9,515,911
Community development	4,421,065	4,326,951	4,930,584	4,967,420	4,786,450	5,150,798	5,487,557	7,709,444	5,900,626	5,593,968
Health and welfare	1,536,646	1,612,935	1,745,966	1,880,893	1,839,672	1,966,963	2,147,585	2,273,352	2,412,863	2,344,242
Capital outlay	5,937,489	7,307,290	12,571,092	9,108,811	13,700,342	11,294,960	32,891,951	19,132,180	9,120,302	8,241,071
Debt service										
Principal retirement	5,726,208	5,939,673	6,217,500	6,517,500	6,545,000	6,820,000	5,845,000	5,504,653	6,119,781	5,833,691
Interest and fiscal charges	3,502,491	4,277,656	3,090,047	2,844,619	2,354,019	3,543,365	2,520,132	3,592,874	3,189,568	3,035,994
Other charges	-	-	-	56,418	112,958	56,762	294,144	10,953	-	-
<b>Total expenditures</b>	<b>63,541,660</b>	<b>63,840,563</b>	<b>67,623,024</b>	<b>65,512,818</b>	<b>73,653,263</b>	<b>75,726,257</b>	<b>99,642,364</b>	<b>91,478,437</b>	<b>82,669,203</b>	<b>79,950,306</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,374,312)</b>	<b>(198,722)</b>	<b>(4,531,401)</b>	<b>329,722</b>	<b>(4,404,815)</b>	<b>375,009</b>	<b>(17,939,595)</b>	<b>(8,025,723)</b>	<b>(3,885,030)</b>	<b>(4,937,182)</b>

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	\$ -	\$ 13,704,025	\$ 4,480,549	\$ 8,365,000	\$ 20,000,000	\$ 2,235,000	\$ 36,515,000	\$ 2,100,000	\$ -	\$ 10,430,000
Bond premium (discount)	940,136	1,510,052	-	143,519	(71,746)	5,618	187,842	-	-	130,520
Payment to refund bond escrow	-	(12,744,455)	-	(8,445,024)	-	-	(16,951,117)	-	-	(8,426,288)
Transfers in	4,722,729	5,580,054	6,668,766	9,463,247	6,365,668	5,824,288	6,817,268	765,380	1,782,620	4,620,097
Transfers (out)	(5,360,725)	(6,424,548)	(6,971,202)	(9,794,397)	(9,692,338)	(6,064,724)	(9,077,268)	(765,380)	(1,907,620)	(3,020,097)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	14,353	-	-
Total other financing sources (uses)	302,140	1,625,128	4,178,113	(267,655)	16,601,584	2,000,182	17,491,725	2,114,353	(125,000)	3,734,232
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (2,072,172)</b>	<b>\$ 1,426,406</b>	<b>\$ (353,288)</b>	<b>\$ 62,067</b>	<b>\$ 12,196,769</b>	<b>\$ 2,375,191</b>	<b>\$ (447,870)</b>	<b>\$ (5,911,370)</b>	<b>\$ (4,010,030)</b>	<b>\$ (1,202,950)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>16.02%</b>	<b>23.54%</b>	<b>16.91%</b>	<b>15.00%</b>	<b>13.95%</b>	<b>14.91%</b>	<b>11.91%</b>	<b>10.18%</b>	<b>11.96%</b>	<b>11.33%</b>

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
2000	\$ 1,370,905	\$ 1,371,000	100%	\$ 1,343,824	2002
2001	1,518,129	1,403,000	92%	1,665,488	2003
2002	1,680,833	1,681,000	100%	1,668,236	2004
2003	1,811,697	1,811,700	100%	1,811,700	2005
2004	2,064,339	2,064,300	100%	2,064,300	2006
2005	2,182,071	2,256,000	103%	2,256,000	2007
2006	2,239,939	2,285,000	102%	2,285,000	2008
2007	2,244,687	2,307,800	103%	2,307,800	2009
2008	2,325,266	2,442,000	105%	2,442,000	2010
2009	2,875,430	3,378,000	117%	3,378,000 *	2011

\* 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
2000	\$ 1,295,342	\$ 1,295,000	100%	\$ 1,298,299	2002
2001	1,415,864	1,349,000	95%	1,627,981	2003
2002	1,642,811	1,643,000	100%	1,629,776	2004
2003	1,881,179	1,881,200	100%	1,881,200	2005
2004	2,134,795	2,134,800	100%	2,134,800	2006
2005	2,554,228	2,663,000	104%	2,679,241	2007
2006	2,730,049	2,856,000	105%	2,856,000	2008
2007	2,977,176	3,091,000	104%	3,109,350	2009
2008	3,098,000	3,244,000	105%	3,244,000	2010
2009	3,554,720	3,948,000	111%	3,948,000 *	2011

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
2000	\$ 1,017,863,711	\$ 588,670,552	\$ 225,252,766	\$ 286,678	\$ 1,832,073,707	\$ 5,496,221,121	1.3410
2001	1,269,483,935	648,004,607	230,566,264	297,309	2,148,352,115	6,445,056,345	1.1490
2002	1,383,605,574	670,757,375	241,247,305	347,072	2,295,957,326	6,887,871,978	1.1290
2003	1,374,493,159	648,789,772	240,692,792	372,219	2,264,347,942	6,793,043,826	1.1760
2004	1,610,714,750	719,968,688	263,159,973	415,112	2,594,258,523	7,782,775,569	1.1310
2005	1,762,207,094	741,323,044	274,464,955	391,482	2,778,386,575	8,335,159,725	1.1870
2006	1,803,976,148	8,002,869,636	274,238,259	389,265	2,881,473,308	8,644,419,924	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	10,875,203,034	1.0720
2009	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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tax rates per \$100 of EAV										
Village direct rates										
Village of Arlington Heights	0.868	0.728	0.717	0.750	0.740	0.800	0.866	0.763	0.722	N/A
Arlington Heights Memorial Library	0.473	0.421	0.412	0.426	0.391	0.387	0.411	0.371	0.350	N/A
Total Village direct rate	1.341	1.149	1.129	1.176	1.131	1.187	1.277	1.134	1.072	N/A
Overlapping rates										
County (including Forest Preserve)	0.893	0.813	0.751	0.718	0.653	0.607	0.557	0.499	0.466	N/A
Metro Reclamation District	0.415	0.401	0.371	0.361	0.347	0.315	0.284	0.263	0.252	N/A
School District #25	4.306	3.730	3.527	3.653	3.156	3.225	3.295	2.890	2.807	N/A
School District #214	2.257	1.989	1.888	1.982	1.818	1.759	1.823	1.621	1.587	N/A
School District #512	0.347	0.308	0.295	0.310	0.279	0.281	0.288	0.260	0.256	N/A
Park District's	0.584	0.484	0.458	0.516	0.466	0.453	0.461	0.404	0.379	N/A
Wheeling Township	0.053	0.049	0.040	0.047	0.042	0.041	0.043	0.038	0.038	N/A
Other	0.032	0.061	0.035	0.037	0.031	0.035	0.037	0.041	0.029	N/A
Total Tax Rate Per \$100 of EAV	10.228	8.984	8.494	8.800	7.923	7.903	8.065	7.150	6.886	N/A

N/A - Information not yet available

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2010			Percentage of Total Village Equalized Assessed Valuation*	2001		
	Equalized Assessed Value*	Rank	Equalized Assessed Value		Rank	Percentage of Total Village Equalized Assessed Valuation	
Luther Village	\$ 51,675,300	1	\$ 17,670,060	1.426%	4	0.964%	
Arlington International Racecourse	46,156,796	2	36,638,583	1.273%	2	1.999%	
Motorola, Inc.	45,593,335	3	36,828,915	1.258%	1	2.010%	
Robert F. Rohrman	31,810,492	4	-	0.878%		0.000%	
Town & Country Mall	31,449,785	5	14,856,251	0.868%	7	0.811%	
Northpoint Mall	29,721,201	6	11,855,230	0.820%	10	0.647%	
Hamilton Partners, Inc.	29,568,767	7	20,329,800	0.816%	3	1.110%	
Arlington Park Sheraton	23,377,991	8	-	0.645%	-	-	
Tanglewood Apartments	22,979,761	9	17,004,739	0.634%	5	0.928%	
Avalon Bay Communities	16,956,576	10	15,175,427	0.468%	6	0.828%	
Stonebridge Apartments	-	-	11,959,858	0.000%	9	0.653%	
Marriott	-	-	14,629,094	0.000%	8	0.798%	
	<u>\$ 329,290,004</u>		<u>\$ 196,947,957</u>	<u>9.086%</u>		<u>10.748%</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 2008 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		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2000	\$ 24,555,217	\$ 24,143,040	98.32%	\$ 24,143,040	98.32%
2001	24,685,028	24,252,751	98.25%	24,252,751	98.25%
2002	25,907,375	25,891,822	99.94%	25,891,822	99.94%
2003	26,602,030	26,538,185	99.76%	26,538,185	99.76%
2004	29,310,353	29,049,491	99.11%	29,049,491	99.11%
2005	32,956,020	32,441,906	98.44%	32,441,906	98.44%
2006	36,785,532	36,583,211	99.45%	36,583,211	99.45%
2007	38,401,657	37,660,505	98.07%	37,660,505	98.07%
2008	38,860,726	38,538,182	99.17%	38,538,182	99.17%
2009 (1)	19,430,363	19,144,737	98.53%	19,144,737	98.53%

(1) Levy year 2009 represents only the first of two installments.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental	Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	Gross General Obligation Bonds	Gross General Obligation Bonds	Capital Leases			
2001	\$ 67,865,000	\$ 3,655,000	\$ 194,101	\$ 71,714,101	2.81%	943.22
2002	63,660,000	1,575,000	228,583	65,463,583	2.57%	861.01
2003	61,255,000	1,350,000	-	62,605,000	2.45%	823.41
2004	55,080,000	1,140,000	-	56,220,000	2.20%	739.44
2005	68,535,000	875,000	-	69,410,000	2.69%	902.10
2006	63,950,000	595,000	-	64,545,000	2.50%	838.87
2007	77,995,000	300,000	-	78,295,000	3.03%	1,017.57
2008	73,330,000	-	-	73,330,000	2.84%	953.04
2009	68,130,000	-	-	68,130,000	2.64%	885.46
2010*	64,690,000	-	-	64,690,000	2.51%	840.75

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 173 for personal income and population data. These ratios are calculated using calendar year 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	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2001	\$ 71,520,000	\$ 7,287,606	\$ 3,655,000	\$ 60,577,394	1.10%	\$ 796.75
2002	65,235,000	7,673,415	1,575,000	55,986,585	0.87%	736.37
2003	62,605,000	7,592,408	1,350,000	53,662,592	0.78%	705.80
2004	56,220,000	5,039,314	1,140,000	50,040,686	0.74%	658.16
2005	69,410,000	5,061,779	875,000	63,473,221	0.82%	834.83
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	N/A	817.49

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

\* See the schedule of Assessed Value and Actual Value of Taxable Property on page 164 for property value data. These ratios are calculated using calendar year data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2010

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	\$ 64,690,000	100.000%	\$ 64,690,000
Village of Arlington Heights - Water and Sewer	-	100.000%	-
Total direct debt	<u>64,690,000</u>		<u>64,690,000</u>
Community College District 512	193,570,000	14.619%	28,297,998
Arlington Heights School District 25	19,970,000	93.687%	18,709,294
Cook County School District 15	63,954,770	4.517%	2,888,837
Cook County School District 21	53,285,000	23.693%	12,624,815
Cook County School District 59	24,917,100	13.593%	3,386,981
Prospect Heights School District 23	4,672,000	38.947%	1,819,604
Palatine Township High School District 211	33,615,000	0.641%	215,472
Arlington Heights School District 214	31,645,000	31.192%	9,870,708
Cook County School District 57	16,060,000	4.783%	768,150
Cook County	2,826,300,000	2.090%	59,069,670
Forest Preserve of Cook County	108,655,000	2.090%	2,270,890
Metropolitan Water Reclamation District of Greater Chicago	1,960,541,202	2.133%	41,818,344
Arlington Heights Park District	24,124,550	97.123%	23,430,487
Buffalo Grove Park District	16,565,000	14.900%	2,468,185
Prospect Heights Park District	10,737,736	4.976%	534,310
Mount Prospect Park District	11,100,000	2.971%	329,781
Palatine Park District	18,740,000	1.283%	240,434
Salt Creek Park District	<u>4,847,000</u>	37.953%	<u>1,839,582</u>
Total overlapping debt	<u>5,423,299,358</u>		<u>210,583,542</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><b>\$ 5,487,989,358</b></u>		<u><b>\$ 275,273,542</b></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 2007 Equalized Assessed Valuations.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2010

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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		
2001	\$ 12,468,949	\$ 8,875,183	\$ 3,593,766	\$ 225,000	\$ 71,651	12.11	\$ 131,220	\$ 614,891	\$ 45,769	0.20	
2002	12,596,884	9,097,835	3,499,049	240,000	61,807	11.59	199,738	734,859	10,006	0.27	
2003	12,976,365	9,526,615	3,449,750	255,000	51,248	11.26	156,841	410,236	5,027	0.38	
2004	12,248,587	11,321,878	926,709	270,000	25,699	3.13	72,478	189,314	-	0.38	
2005	12,133,682	10,093,125	2,040,557	290,000	57,250	5.88	51,942	119,996	3,346	0.42	
2006	13,557,070	11,299,702	2,257,368	280,000	55,003	6.74	38,109	83,182	-	0.46	
2007	12,955,422	13,555,956	(600,534)	295,000	42,357	(1.78)	32,456	47,474	-	0.68	
2008*	13,055,726	12,578,288	477,438	300,000	10,371	1.54	156,014	3,099,585	2,353	0.05	
2009	12,085,784	12,852,717	(766,933)	-	-	0.00	86,516	175,605	20,865	0.44	
2010	12,110,994	12,734,290	(623,296)	-	-	0.00	42,493	132,546	11,941	0.29	

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
2001	76,031	\$ 2,550,383,864	\$ 33,544	4.30%
2002	76,031	2,550,383,864	33,544	5.00%
2003	76,031	2,550,383,864	33,544	5.00%
2004	76,031	2,550,383,864	33,544	4.40%
2005	76,943	2,580,975,992	33,544	4.20%
2006	76,943	2,580,975,992	33,544	3.10%
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	8.20%
2010*	76,943	2,580,975,992	33,544	8.00% **

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

\*\* Unemployment rate (not seasonally adjusted) through June 2010.

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	2010			2001		
	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	11.29%	2	3,100	7.78%
Northwest Community Healthcare	2	4,000	10.04%	3	3,000	7.53%
Level 3 Communications, Inc.	3	2,000	5.02%	-	-	-
Arlington Heights High School District # 214	4	2,000	5.02%	4	1,520	3.81%
Paddock Publications	5	1,703	4.27%	6	550	1.38%
Luthern Home	6	598	1.50%	9	450	1.13%
Alexian Brothers Health System	7	500	1.25%	-	-	-
Village Of Arlington Heights	8	463	1.16%	8	466	1.17%
Kroeschell, Inc.	9	450	1.13%	-	-	-
Webber Marking System, Inc./Pace	10	300	0.75%	-	-	-
Pace	10	300	0.75%	-	-	-
Motorola Inc. - Cellular Phone Division	-	-	-	1	5,500	13.80%
Ameritech/IBM	-	-	-	5	900	2.26%
Market Facts	-	-	-	7	500	1.25%
Honeywell/Arlington Park Hamilton	-	-	-	10	400	1.00%
Arlington Park Hamilton	-	-	-	10	400	1.00%
		<u>16,814</u>	<u>42.18%</u>		<u>16,786</u>	<u>42.11%</u>

Data Source

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>GENERAL GOVERNMENT</b>										
Manager's Office	6.00	6.00	6.00	5.00	5.50	5.50	5.50	5.50	6.50	6.50
Human Resources	4.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Legal	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.25	3.25
Finance	20.50	20.50	20.50	20.50	20.50	20.50	19.00	19.00	19.00	17.50
Village Clerk	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
IT	6.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
GIS	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Buildings and Grounds	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	8.00	7.00
<b>PUBLIC SAFETY</b>										
Police										
Officers	111.00	113.00	113.00	113.00	113.00	113.00	113.00	113.00	114.00	114.00
Civilian	35.00	36.00	36.00	37.00	37.00	37.00	37.00	37.00	36.00	34.00
Fire										
Firefighters and Officers	102.00	102.00	102.00	102.00	102.00	103.00	102.00	111.00	111.00	111.00
Civilian	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	2.50
<b>COMMUNITY DEVELOPMENT</b>										
Planning and Community Development	11.00	12.00	12.00	12.00	11.50	11.50	11.50	11.75	11.75	11.25
Building	18.00	19.00	19.00	19.00	19.00	18.00	18.00	18.50	19.50	18.50
Engineering	15.00	15.00	15.00	14.00	13.00	13.00	13.00	13.00	13.00	12.00
<b>HEALTH AND WELFARE</b>										
Health Services	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Youth Services	3.00	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50
Senior Services	5.00	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.75	3.75
<b>HIGHWAYS AND STREETS</b>										
Public Works	48.00	48.00	48.00	43.00	42.50	42.00	42.00	42.00	42.25	42.25
<b>OTHER PUBLIC WORKS</b>										
Water Utility Operations	40.00	40.00	40.00	41.00	41.00	41.00	41.00	41.00	41.25	41.25
Fleet Services	12.00	12.00	12.00	11.00	11.00	11.50	10.50	10.50	10.50	10.50
<b>TOTAL</b>	<b>466.00</b>	<b>473.00</b>	<b>473.00</b>	<b>465.00</b>	<b>463.50</b>	<b>464.00</b>	<b>458.50</b>	<b>468.25</b>	<b>471.75</b>	<b>462.75</b>

Data Source

Village of Arlington Heights Finance Department

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
<b>PUBLIC SAFETY</b>										
<b>Police</b>										
Service calls	32,427	31,861	30,990	30,490	30,128	29,997	29,882	29,613	28,074	12,784
Total crime reported	5,653	5,457	5,466	5,884	5,347	5,076	4,580	5,193	4,550	1,519
Arrests	1,576	1,414	1,400	1,790	1,993	2,139	1,486	1,475	1,381	691
Citations issued	33,397	31,505	36,331	26,894	35,459	35,739	32,339	33,018	29,443	13,233
<b>Fire</b>										
Service calls (EMS)	6,002	5,730	5,743	6,002	5,908	6,078	6,233	6,588	6,318	3,087
Service calls (non-EMS)	2,764	2,893	2,980	2,740	3,131	2,930	3,415	3,396	3,198	1,511
<b>PUBLIC WORKS</b>										
Snow removal (miles)	42,223	31,254	31,233	40,507	37,089	27,089	75,529	97,185	61,049	34,962
Streets resurfaced (miles)	9.91	12.60	8.06	9.95	8.30	7.11	6.32	8.09	8.00	6.03
<b>WATER</b>										
Water main breaks	146	143	235	151	309	162	173	174	145	106
Sewer repairs	40	38	35	41	36	18	22	23	24	12
Average daily consumption	8.91 MGD	8.91 MGD	8.84 MGD	8.70 MGD						

Data Source

Various Village departments

\* Through June 2009

MGD - Million Gallons Daily

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>PUBLIC SAFETY</b>										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Marked police vehicles	38	44	41	41	41	38	38	48	48	49
Unmarked police vehicles	6	10	9	9	12	14	16	10	14	14
Police motorcycles	5	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	6	13	8	7	6
Fire ladder trucks	2	2	2	2	2	2	2	2	2	2
Rescue squads	3	3	5	2	4	4	4	4	4	3
Ambulances	6	6	6	7	6	6	6	8	8	8
Utility vehicles	1	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
Hazardous material vehicles	1	1	1	1	1	1	1	1	1	1
Administrative vehicles	8	8	8	8	8	8	8	9	10	11
<b>PUBLIC WORKS</b>										
Streets (miles)	242	242	223	223	223	223	229	229	229	229
Streetlights	3,196	3,196	3,196	3,196	3,196	3,196	3,207	3,207	3,207	3,207
Traffic signals	9,781	9,781	9,781	9,781	9,781	9,781	9,784	9,784	9,784	9,784
<b>WATER</b>										
Water mains (miles)	240	240	240	240	250	252	252	252	254	252
Fire hydrants	3,000	3,000	3,000	3,000	3,000	2,755	2,755	2,755	2,802	2,732
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
<b>WASTEWATER</b>										
Sanitary sewers (miles)	224	224	223	223	225	226	226	226	226	226
Storm sewers (miles)	158	158	158	158	161	162	162	162	162	162

Data Source

Various Village departments