

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area: TIF #2
Primary Use of Redevelopment Project Area*: Mixed Use
If "Combination/Mixed" List Component Types: Retail, Office, Residential
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):
Tax Increment Allocation Redevelopment Act <u> x </u> Industrial Jobs Recovery Law <u> </u>

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	x	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		x
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		x
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		x
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	x	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		x
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	x	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	x	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	x	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	x	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		x
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9) If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		x

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
Provide an analysis of the special tax allocation fund.

Reporting Year	Cumulative
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Fund Balance at Beginning of Reporting Period \$ (1,418,624.00)

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	\$ 1,725,389	\$ 22,508,702	88%
State Sales Tax Increment	\$ 27,305	\$ 288,441	1%
Local Sales Tax Increment	\$ 13,108	\$ 196,892	1%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ -	\$ 962,607	4%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 1,180,753	5%
Transfers from Municipal Sources		\$ 78,670	0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)		\$ 250,000	1%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period \$ 1,765,802

Cumulative Total Revenues/Cash Receipts \$ 25,466,065 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 3,158,970.00

Distribution of Surplus \$ -

Total Expenditures/Disbursements \$ 3,158,970

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS \$ (1,393,168)

FUND BALANCE, END OF REPORTING PERIOD \$ (2,811,792)

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
 (by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Administration	50,000	
Professional Services	28,310	
		\$ 78,310
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
Marketing	35,232	
		\$ 35,232
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)		
		\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Wayfinding signs	17,439	
Park	8,489	
		\$ 25,928
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Debt Service	19,500	
Transfer Out to TIF #1	3,000,000	
		\$ 3,019,500
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))
Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period
(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))

FUND BALANCE, END OF REPORTING PERIOD \$ (2,811,792)

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
Refunding of Parking 1986 Bonds - 1995	\$ 6,376,500	\$ -

Total Amount Designated for Obligations \$ 6,376,500 \$ -

2. Description of Project Costs to be Paid		
Infrastructure		\$ -
Operating		\$ 55,000
Transfer out to TIF1		\$ 2,606,739
Other/Environmental		\$ 300,000

Total Amount Designated for Project Costs \$ 2,961,739

TOTAL AMOUNT DESIGNATED \$ 2,961,739

SURPLUS*/(DEFICIT) \$ (5,773,531)

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

No property was acquired by the Municipality Within the Redevelopment Project Area

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

 No Projects Were Undertaken by the Municipality Within the Redevelopment Project Area

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Estimated Cost of the Total Project
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TOTAL:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 1,759,550		
Ratio of Private/Public Investment	0		0

Project 1:			
CBD Train Station			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 1,030,550		
Ratio of Private/Public Investment	0		0

Project 2:			
CBD Park			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 473,000		
Ratio of Private/Public Investment	0		0

Project 3:			
Old Train Station Site Park			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 256,000		
Ratio of Private/Public Investment	0		0

Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 7:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 8:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 9:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 10:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 11:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 12:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 13:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 14:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 15:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

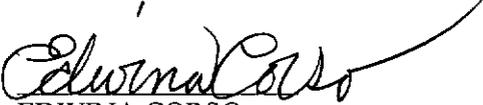
Project 16:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

ATTACHMENT A

(TIF II)

I, EDWINA CORSO, Village Clerk, do hereby certify that there were no amendments to the redevelopment project area and plan as it relates to the Tax Increment Financing District Number II, in the Village of Arlington Heights, County of Cook, State of Illinois in fiscal year May 1, 2005 to April 30, 2006.

December 8, 2006


EDWINA CORSO
Village Clerk

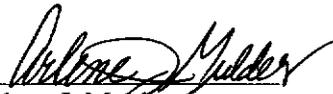
Attest:

ATTACHMENT B

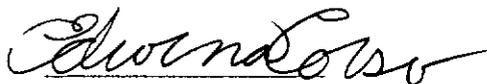
(TIF II)

I, Arlene J. Mulder, the duly elected Chief Executive Officer, of the Village of Arlington Heights, County of Cook, State of Illinois, and as such, do hereby certify that the Village of Arlington Heights has complied with all requirements pertaining to the Tax Increment Redevelopment Allocation Act for Tax Increment Financing District Number II, during the current municipal fiscal year, May 1, 2005 to April 30, 2006.

December 8, 2006.


Arlene J. Mulder
President Board of Trustees
Village of Arlington Heights

ATTEST:


EDWINA CORSO
Village Clerk

ATTACHMENT C and L

(TIF II)

I, JACK M. SIEGEL, Village Attorney of the Village of Arlington Heights, County of Cook, State of Illinois, and have been such throughout the fiscal year covered by this report, May 1, 2005 to April 30, 2006, do hereby state as follows:

It is my opinion that the Village of Arlington Heights has in all respects complied with the requirements of the Tax Allocation Redevelopment Act as it relates to Tax Increment Financing District Number II, for the fiscal year, May 1, 2005 to April 30, 2006.

December 8, 2006



JACK M. SIEGEL, P.C.
Village Attorney

ATTEST:



EDWINA CORSO
Village Clerk



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

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

We have examined management's assertion included in its representation letter dated July 28, 2006, that the Village of Arlington Heights, Illinois complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2006. As discussed in that representation letter, management is responsible for the Village of Arlington Heights, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village of Arlington Heights, Illinois' compliance based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Arlington Heights, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Arlington Heights, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the Village of Arlington Heights, Illinois complied with the aforementioned requirements for the year ended April 30, 2006 is fairly stated in all material respects.

This report is intended solely for the information and use of the Board of Trustees, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'Sikich LLP'.

Aurora, Illinois
July 28, 2006

ATTACHMENT D

(TIF II)

I, WILLIAM C. DIXON, Village Manager, do hereby certify that the following activities were undertaken in furtherance of the objectives of the redevelopment plan for Tax Increment Financing District Number II, between May 1, 2005 and April 30, 2006.

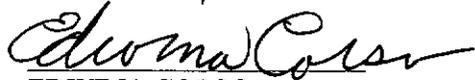
1. Construction completed for the civic events sign.
2. Community activities such as parades, art fairs, farmers market were encouraged in the CBD.
3. The Village assisted a number of businesses with professional services for business and marketing plans.

December 8, 2006



WILLIAM C. DIXON
Village Manager

ATTEST:



EDWINA CORSO
Village Clerk

ATTACHMENT E

(TIF II)

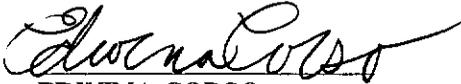
I, WILLIAM C. DIXON, Village Manager of the Village of Arlington Heights, do hereby state that the Village of Arlington Heights did not purchase property within Tax Increment Financing District Number II, in the fiscal year, May 1, 2005 to April 30, 2006.

December 8, 2006



WILLIAM C. DIXON
Village Manager

ATTEST:


EDWINA CORSO
Village Clerk

ATTACHMENT F and K

(TIF II)

SEE ATTACHED

Village of Arlington Heights
 Analysis of T.I.F II Fund
 For The Fiscal Year Ended April 30, 2006

New Beginning Balance May 1, 2005: (1,418,624)

Deposits:

Property Taxes	\$ 1,725,389
State Sales Taxes	27,305
Local Sales Taxes	13,108
Interest	<u>0</u>

Total 1,765,802

Balance plus Deposits 347,178

Expenditures:

Redevelopment	\$89,470
Debt Service	19,500
Transfer Assets to TIFI District	3,000,000
Service Charge	50,000

Total 3,158,970

Ending Balance April 30, 2006: (\$2,811,792)

Ending Balance by Source:

Property Tax	(\$2,811,792)
	<u>(\$2,811,792)</u>

Fund Balance by Source and by Year for Determining Surplus Allocations
Village of Arlington Heights -- T.I.F. II

	BALANCE 2003	BALANCE 2004	BALANCE 2005	BALANCE 2006
SOURCE YEAR				
2001-2002				
PROPERTY	359,163	0	0	0
LOCAL SALES	0	0	0	0
STATE SALES	0	0	0	0
INTEREST	0	0	0	0
BOND PROCEED	0	0	0	0
OTHER	0	0	0	0
TOTAL	359,163	0	0	0
2002-2003				
PROPERTY	1,780,930	0	0	0
LOCAL SALES	24,550	0	0	0
STATE SALES	28,449	0	0	0
INTEREST	75,142	0	0	0
BOND PROCEED	0	0	0	0
OTHER	0	0	0	0
TOTAL	1,909,071	0	0	0
2003-2004				
PROPERTY		(55,992)	0	0
LOCAL SALES		0	0	0
STATE SALES		0	0	0
INTEREST		0	0	0
BOND PROCEED		0	0	0
OTHER		0	0	0
TOTAL		(55,992)	0	0
2004-2005				
PROPERTY			(\$1,418,624)	0
LOCAL SALES			0	0
STATE SALES			0	0
INTEREST			0	0
BOND PROCEED			0	0
STATE GRANT			0	0
TOTAL			(1,418,624)	0
2005-2006				
PROPERTY			\$0	(2,811,792)
LOCAL SALES			0	0
STATE SALES			0	0
INTEREST			0	0
BOND PROCEED			0	0
STATE GRANT			0	0
TOTAL			0	(2,811,792)
ENDING BALANCE	\$2,268,234	(\$55,992)	(\$1,418,624)	(\$2,811,792)

Balance required for debt service and additional redevelopment projects.

TIF II

<u>2004</u>	<u>Rate</u>	<u>2003</u>	<u>2004</u>	<u>Variance</u>
0.654	Cook Cty	155,903	141,219	(14,684)
0.347	MSD	77,951	74,928	(3,023)
1.128	Mun	253,936	243,571	(10,365)
5.234	Schools	1,283,715	1,130,187	(153,528)
0.465	Park	111,421	100,408	(11,013)
0.072	Other	17,275	15,547	(1,728)
<u>7.900</u>		<u>1,900,201</u>	<u>1,705,862</u>	<u>(194,339)</u>

23,912,247 - 2004 EAV

(2,319,059) - Base

21,593,188 - Increase from Base

Village of Arlington Heights
 Additional T.I.F. II Information
 Fiscal 2006 Annual Report

Initial Equalized Assessed Valuation	\$2,319,059
Current Equalized Assessed Valuation (2004)	23,912,247
Incremental revenues generated from 2004 EAV	1,705,862
Incremental revenues generated from previous year EAV	1,900,201
Annual Change	<u>-----</u> (\$194,339) <u>=====</u>

Breakdown of change by taxing district:

Cook County & Forest Preserve	(14,684)
Metropolitan Reclamation District of Greater Chicago	(3,023)
Municipality	(10,365)
School District(s)	(153,528)
Park District(s)	(11,013)
Other	(1,728)
Total	<u>-----</u> (194,339) <u>=====</u>

**The base EAV (frozen valuation) of TIFII was amended on 4/28/97,
 Ordinance 97-20 from \$2,247,126 to \$2,319,059.**

ATTACHMENT I

(TIF II)

I, EDWINA CORSO, Village Clerk, do hereby certify that the Village of Arlington Heights, County of Cook, State of Illinois, did not issue any obligations between May 1, 2005 and April 30, 2006, in Tax Increment Financing District Number II.

December 8, 2006


EDWINA CORSO
Village Clerk