

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

<b>Name of Redevelopment Project Area: TIF #3</b>
<b>Primary Use of Redevelopment Project Area*: Commercial</b>
<b>If "Combination/Mixed" List Component Types:</b>
<b>Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):</b> <b>Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/> Industrial Jobs Recovery Law <input type="checkbox"/></b>

	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)] <b>If yes, please enclose the amendment labeled Attachment A</b>	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)] <b>Please enclose the CEO Certification labeled Attachment B</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)] <b>Please enclose the Legal Counsel Opinion labeled Attachment C</b>		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)] <b>If yes, please enclose the Activities Statement labeled Attachment D</b>		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)] <b>If yes, please enclose the Agreement(s) labeled Attachment E</b>	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)] <b>If yes, please enclose the Additional Information labeled Attachment F</b>		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)] <b>If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G</b>	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)] <b>If yes, please enclose the Joint Review Board Report labeled Attachment H</b>	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)] <b>If yes, please enclose the Official Statement labeled Attachment I</b>	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)] <b>If yes, please enclose the Analysis labeled Attachment J</b>	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) <b>If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K</b>		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) <b>If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L</b>		x

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



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Certified Public Accountants &  
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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 September 12, 2008, 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, 2008. 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, 2008 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 black ink, appearing to read 'Sikich' followed by a stylized flourish.

Aurora, Illinois  
September 12, 2008

**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

\$ 669,893.00

**Revenue/Cash Receipts Deposited in Fund During Reporting FY:**

			% of Total
Property Tax Increment	\$ 398,742	\$ 1,612,097	30%
State Sales Tax Increment			0%
Local Sales Tax Increment	\$ -	\$ 615,187	12%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 40,442	\$ 306,424	6%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 2,783,526	52%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

**Total Amount Deposited in Special Tax Allocation Fund During Reporting Period**

\$ 439,184

**Cumulative Total Revenues/Cash Receipts**

\$ 5,317,234 100%

**Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)**

\$ 235,267.00

**Distribution of Surplus**

\$ -

**Total Expenditures/Disbursements**

\$ 235,267

**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS**

\$ 203,917

**FUND BALANCE, END OF REPORTING PERIOD**

\$ 873,810

- 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)		
		\$ -
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
Marketing	7,367	
		\$ 7,367
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)		
		\$ -
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	227,900	
		\$ 227,900
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)		
		\$ -

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
<b>TOTAL ITEMIZED EXPENDITURES</b>		<b>\$ 235,267</b>



**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** \$ 873,810

	Amount of Original Issuance	Amount Designated
<b>1. Description of Debt Obligations</b>		
Capital Projects	\$ 3,000,000	\$ 1,955,000

**Total Amount Designated for Obligations** \$ 3,000,000 \$ 1,955,000

<b>2. Description of Project Costs to be Paid</b>		
Debt Service		\$ 257,200
Marketing		\$ 30,000
Professional Services		\$ 30,000

**Total Amount Designated for Project Costs** \$ 317,200

**TOTAL AMOUNT DESIGNATED** \$ 2,272,200

**SURPLUS\*/(DEFICIT)** \$ (1,398,390)

\* 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.

  x   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
<b>TOTAL:</b>			
Private Investment Undertaken (See Instructions)	\$ 12,318,720		
Public Investment Undertaken	\$ 3,026,000		
Ratio of Private/Public Investment	4 1/14		0
<b>Project 1:</b>			
Private Investment Undertaken (See Instructions)	\$ 12,318,720		
Public Investment Undertaken	\$ 3,026,000		
Ratio of Private/Public Investment	4 1/14		0
<b>Project 2:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 3:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 4:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 5:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
<b>Project 6:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0



**ATTACHMENT B**

(TIF III)

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 III, during the current municipal fiscal year, May 1, 2007 to April 30, 2008.

November 24, 2008.

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

ATTEST: C

  
EDWINA CORSO  
Village Clerk

ATTACHMENT C and L

(TIF III)

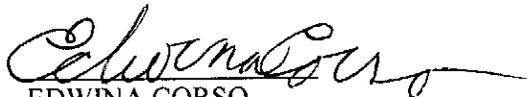
I, JACK M. SIEGEL, Village Attorney of the Village of Arlington Heights, County of Cook, State of Illinois, and have been such throughout the fiscal year covered by this report, May 1, 2007 to April 30, 2008, do hereby state as follows:

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 III, for the fiscal year, May 1, 2007 to April 30, 2008.

December 1, 2008

  
JACK M. SIEGEL, P.C.  
Village Attorney

ATTEST:

  
EDWINA CORSO  
Village Clerk

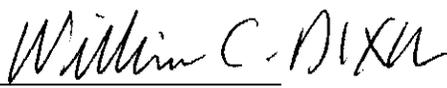
**ATTACHMENT D**

(TIF III)

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 III, between May 1, 2007 and April 30, 2008.

1. Marketing/Promotional.

November 24, 2008

  
\_\_\_\_\_  
WILLIAM C. DIXON  
Village Manager

ATTEST:

  
EDWINA CORSO  
Village Clerk

**ATTACHMENT F and K**

(TIF III)

**SEE ATTACHED**

Village of Arlington Heights  
Analysis of T.I.F. III Fund  
For the Fiscal Year Ended April 30, 2008

Beginning Balance May 1, 2007: \$669,893

Deposits:

Property Taxes	398,742
State Sales Tax	0
Local Sales Tax	0
Interest	40,442
Loan Repayments	0
Bond Proceeds	0

Total 439,184

Balance plus Deposits \$1,109,077

Expenditures:

Redevelopment	7,367
Service charge	0
Debt Service	227,900
Bond Issuance Costs	0

Total 235,267

Ending Balance April 30, 2008 \$873,810

Ending Balance by Source:

Property Tax	833,368
Local Sales Tax	0
Interest	40,442
	<u>873,810</u>

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

REPORT YEAR (ENDING YR)

SOURCE YEAR	BALANCE 2006	BALANCE 2007	BALANCE 2008	BALANCE 2009	BALANCE 2010
2004-05					
PROPERTY	10,787	0			
LOCAL SALES	0	0			
STATE SALES	0	0			
INTEREST	0	0			
BOND PROCEED	0	0			
OTHER	0	0			
TOTAL	10,787	0			
2005-06					
PROPERTY	184,296	184,296			
LOCAL SALES	138,170	36,627	0		
STATE SALES	0	0	0		
INTEREST	18,197	18,197	0		
BOND PROCEED	0	0	0		
OTHER	0	0	0		
TOTAL	340,663	239,120	0		
2006-07					
PROPERTY		394,911	434,626		
LOCAL SALES		0	0	0	
STATE SALES		0	0	0	
INTEREST		35,861	0	0	
BOND PROCEED		0	0	0	
OTHER		0	0	0	
TOTAL		430,773	434,626	0	
2007-08					
PROPERTY			398,742	0	0
LOCAL SALES			0	0	0
STATE SALES			0	0	0
INTEREST			40,442	0	0
BOND PROCEED			0	0	0
OTHER			0	0	0
TOTAL			439,184	0	0
2008-09					
PROPERTY					0
LOCAL SALES					0
STATE SALES					0
INTEREST					0
BOND PROCEED					0
OTHER					0
TOTAL					0
ENDING BALANCE	351,450	669,893	873,810	0	0

Balance required for debt service and additional redevelopment projects.

TIF III

<u>2006</u>	<u>Rate</u>	<u>2005</u>	<u>2006</u>	<u>Variance</u>
0.562	Cook Cty	30,582	27,786	(2,796)
0.284	MSD	15,740	14,041	(1,699)
1.277	Mun	59,314	63,136	3,822
5.406	Schools	263,091	267,278	4,187
0.461	Park	22,636	22,792	156
0.075	Other	3,548	3,708	160
<u>8.065</u>		<u>394,911</u>	<u>398,742</u>	<u>3,831</u>

5,867,722 - 2006 EAV

(923,618) - Base

4,944,104 - Increase from Base

Village of Arlington Heights  
Additional T.I.F. III Information  
Fiscal 2008 Annual Report

Initial Equalized Assessed Valuation	\$923,618
Current Equalized Assessed Valuation (2006)	\$5,867,722
Incremental revenues generated from 2006 EAV	\$398,742
Incremental revenues generated from previous year EAV	394,911
Annual change	<u>\$3,831</u>

Breakdown of change by taxing district:

Cook County & Forest Preserve	(\$2,796)
Metropolitan Reclamation District of Greater Chicago	(1,699)
Municipality	3,822
School District(s)	4,187
Park District(s)	156
Other	160
Total	<u>\$3,831</u>

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, 2008  
(With Comparative Actual for 2007)

	2008			2007 Actual
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Property taxes	\$ 394,900	\$ 394,900	\$ 398,742	\$ 394,911
Investment income	20,000	20,000	40,442	35,862
Total revenues	414,900	414,900	439,184	430,773
<b>EXPENDITURES</b>				
Current				
Community development Administration	30,000	30,000	7,367	18,930
Total expenditures	30,000	30,000	7,367	18,930
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	384,900	384,900	431,817	411,843
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(227,900)	(227,900)	(227,900)	(93,400)
Total other financing sources (uses)	(227,900)	(227,900)	(227,900)	(93,400)
NET CHANGE IN FUND BALANCE	\$ 157,000	\$ 157,000	203,917	318,443
FUND BALANCE, MAY 1			669,893	351,450
FUND BALANCE, APRIL 30			\$ 873,810	\$ 669,893

(See independent auditor's report.)