

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Year Ended April 30, 2014



Prepared by the Finance Department

Thomas F. Kuehne, Finance Director/Treasurer
Mary Juarez, Assistant Finance Director
Anthony Fashoda, Accounting Manager

**VILLAGE OF ARLINGTON HEIGHTS,
ILLINOIS**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2014**

Prepared by:
Finance Department

Thomas F. Kuehne
Finance Director/Treasurer

Mary Juarez
Assistant Finance Director

Anthony Fashoda
Accounting Manager

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

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INTRODUCTORY SECTION

INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Arlington Heights including:

- Principal Officers
- Organization Structure
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Principal Officers
April 30, 2014

VILLAGE BOARD

Thomas W. Hayes, Village President

Carol Blackwood

Bert Rosenberg

Joseph C. Farwell

John Scaletta

Thomas Glasgow

Michael Sidor

Robin La Bedz

Jim Tinaglia

ADMINISTRATION

Bill Dixon, Village Manager

Jack Siegel, Village Attorney

Rebecca Hume, Village Clerk

Diana Mikula, Assistant Village Manager

Mary Rath, Director of Human Services

Robin Ward, Assistant Village Attorney (General Counsel)

Thomas F. Kuehne, Finance Director/Treasurer

Gerald Mourning, Chief of Police

Kenneth Koeppen, Fire Chief

Charles Witherington-Perkins, Director of Planning and Community Development

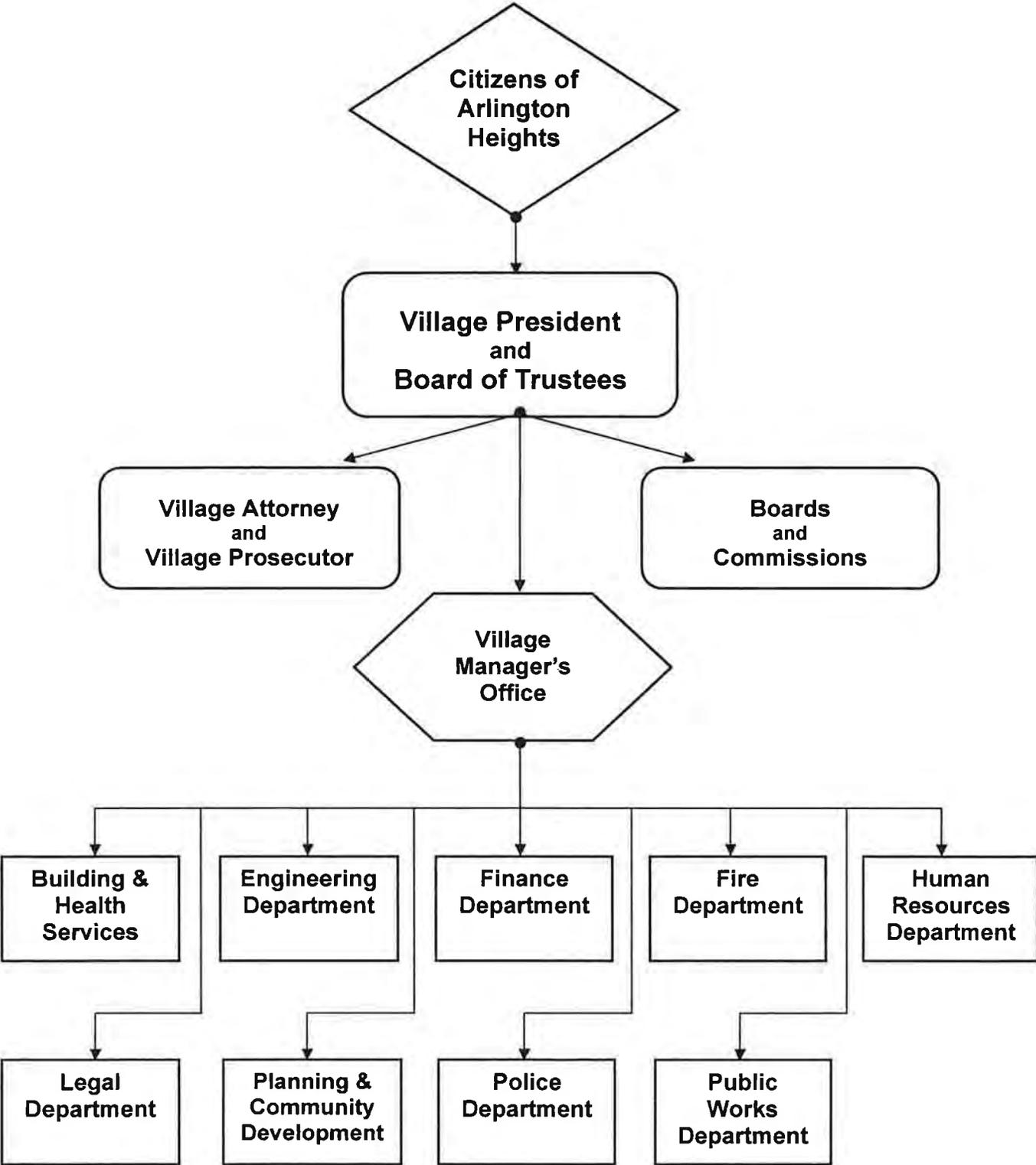
James McCalister, Director of Building and Health Services

Jim Massarelli, Director of Engineering

Scott Shirley, Public Works Director

VILLAGE OF ARLINGTON HEIGHTS

ORGANIZATION STRUCTURE





Village of Arlington Heights

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

August 15, 2014

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, 2014, 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 Lauterbach and Amen 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, 2014, 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 unmodified opinion that the Village's financial statements for the fiscal year ended April 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Village of Arlington Heights

The Village of Arlington Heights is located 25 miles northwest of the City of Chicago in Cook County, Illinois. It was incorporated in 1887. The Village's 2010 Census places the population at 75,101 and the Village has an area of approximately 16.6 square miles. It is a home rule community as defined by the Illinois Constitution. Arlington Heights is a very livable community with excellent schools, an outstanding park system, dependable village services, a diverse housing stock and easy access to the major expressways and O'Hare International Airport. There are 23,132 owner-occupied units and 7,319 rental units with considerable high-rise and multi-family residential development in and around the Downtown area.

The Village 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 71% residential and 29% commercial and industrial. Due to its healthy local economy, the Village of Arlington Heights has maintained a credit rating of Aa1 from Moody's Investor Service.

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.

Long-Term Financial Planning and Major Initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at the fiscal year end was 36.7% of total General Fund expenditures. This is within the minimum fund balance level established in the Village's financial performance goals. A statement of the financial performance goals is incorporated in the Village's annual budget. This statement includes goals for revenues, expenditures, reserves, investment performance, capital improvements, debt, and financial reporting.

On a biennial basis the Village Board completes a strategic plan which is included in the annual budget and helps guide the development of this document. The Village's annual budget and financial planning process begins with the preparation of 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 maintains dedicated revenue sources in its Capital Projects Fund to ensure that its capital infrastructure is maintained at a high level. An internal service fund, the Fleet Fund, is also funded through annual operating transfers from the effected departments based on a vehicle depreciation schedule. The Village's current financial condition is healthy as the key operating funds, the General Fund and the Water & Sewer Fund, both have comfortable reserves.

The Village has retained a stable financial position, and the Village's General Fund ended with surpluses in FY2010 through FY2014. The Village's ongoing economic strength is demonstrated by new businesses that continue to open in the Village. These include the opening of the new Napleton Jeep Chrysler car dealership and numerous restaurants. Additional businesses are slated to open during FY2015. The former 400-room Sheraton Chicago Northwest Hotel just west of Arlington International Racecourse, closed in 2009 is now the site of a \$250 million multiuse redevelopment. The site will include luxury apartments in the closed Sheraton building, an expanded water park, restaurants and retail shops, and a new, smaller hotel. This new development is expected to be completed over the next couple of years.

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

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 \$6.3 million was spent on the ongoing street resurfacing and street reconstruction programs.
- \$985,000 was spent on water and sewer rehabilitation and replacement projects.
- Completed construction of 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 capital expenses include \$2.4 million toward the replacement of Village vehicles, as well as \$325,000 spent on sidewalk and curb replacement throughout the Village.
- In response to the invasion of the emerald ash borer (EAB) beetle the Village established an EAB Fund at the end of FY2012. The beetle is firmly established in the Village and is decimating the Village's parkway Ash trees which represent about one-third of the Village-owned tree inventory. The most cost effective way to deal with this issue is to remove and replace all of the Village's 13,000 parkway Ash trees over the next several years. The Village plans on using available capital funds to pay for the cost of this program.

Relevant Financial Policies

As noted above, the Village of Arlington Heights maintains a comprehensive list of financial performance goals. During the current year, one of these policies was particularly relevant. The Village has a policy that nonrecurring (i.e. "one-time") resource inflows not be used for operating purposes. The year end results for the General Fund were trending toward a significant surplus, due in part to one-time building and engineering fees associated with the new multi-use residential development near the Arlington Racecourse. At the end of FY2014, one-time revenues in the General Fund were transferred to various capital funds to help cover future vehicle, street resurfacing, and other infrastructure costs.

Other Policies and Practices

Cash management policies and practices – Cash temporarily idle during the year was invested in money market funds, certificates of deposit, the Illinois Metropolitan Investment Fund (IMET) and the Illinois State Treasurer’s pool (Illinois Funds). The maturities of the investments range from being immediately accessible (Illinois Funds) to two to three years (IMET). The maximum maturity for the certificates of deposit is 1 1/2 years. The average yield on investments was .33% for the Village, and actuarial yields as of May 1, 2014 of 7.2% for the Police Pension Fund, and 8.6% 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. 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, and purchases an excess workers’ compensation policy to cover claims above this amount.

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

Pension and other post employment benefits – The Village’s sworn police officers participate in the Police Pension Employees Retirement System (PPERS), which is a single employer, defined benefit plan governed by a five-member pension board. The Village’s sworn firefighters participate in the Firefighters’ Pension Employees Retirement System (FPERS), which is a single employer, defined benefit plan governed by a five-member pension board. The defined benefits and employee contribution levels of both pension funds are governed by Illinois State statutes. The Village is authorized to approve the actuarial assumptions used to determine employer contribution levels. The most recent actuarial valuation as of May 1, 2014 reflects funding levels of 73% for the Police Pension Fund and 65% for the Firefighters’ Pension Fund.

The Village also provides pension benefits for its non-public safety employees. These benefits are provided through a statewide plan managed by the Illinois Municipal Retirement Fund (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to IMRF. The actuarial valuation for the Village’s portion of IMRF as of December 31, 2013 reflects a funding level of 74%. It should be noted that the IMRF’s funding level is just for the Village’s active IMRF participants as IMRF retirees pensions are 100% funded. Additional information on the Village’s pension arrangements can be found in Note #4 (Other Information, Employee Retirement System – Defined Benefit Pension Plans) 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, 2013. This was the twenty-fourth 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 Mary Juarez, Assistant Finance Director, Anthony Fashoda, Accounting Manager, 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 continued support in maintaining the highest standards of professionalism in the management of the Village of Arlington Heights' finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas F. Kuehne". The signature is written in a cursive style with a large initial 'T'.

Thomas F. Kuehne
Finance Director/Treasurer



Government Finance Officers Association

**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, 2013

Executive Director/CEO

FINANCIAL SECTION

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules



INDEPENDENT AUDITORS' REPORT

August 15, 2014

The Honorable Village President
Members of the Board of Trustees
Village of 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, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Arlington Heights, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

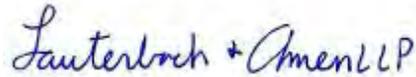
The combining and individual fund financial statements and schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information – Continued

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2014, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provision 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lauterbach + Amen LLP". The signature is written in a cursive, professional style.

LAUTERBACH & AMEN, LLP

**GENERAL PURPOSE
EXTERNAL FINANCIAL
STATEMENTS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2014

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 iii) and the Village's financial statements (beginning on Page 4).

Financial Highlights

- The Village's total net position increased by \$5.5 million or 2.3% during the fiscal year ending April 30, 2014. The governmental net position increased by \$6.6 million and the business-type activities net position decreased by \$1.1 million.
- The Village's combined Governmental Funds ending fund balance increased \$47,267 as of April 30, 2014.
- At the end of the current fiscal year, the unrestricted fund balance for the General Fund was \$23,691,368 or 36.7% of General Fund expenditures.

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 4-7) 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 Position (the "Unrestricted Net Position") 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 6-7) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

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.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Funds

The Governmental Major Fund presentation (see Pages 8-9 and 11-12) 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 14-17) 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 18-19). 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 10 and 13). 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 20-67 of this report.

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 68-73 of this report. The combining and individual fund statements for the governmental, enterprise and internal service funds are presented on Pages 74-135 of this report, immediately following the required supplementary information.

(See independent auditor's report.)

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

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 Position

The Village’s combined net position increased by \$5.5 million from FY2013, increasing from \$237.5 million to \$243.0 million. The following analysis will look at net position and net expenses of the governmental and business-type activities separately. The total net position for the governmental activities increased by \$6.6 million from \$182.8 million to \$189.4 million. The business-type activities net position decreased by \$1.1 million from \$54.6 million to \$53.6 million. Table 1 reflects the condensed Statement of Net Position compared to FY2013. Table 2 focuses on the changes in net position of the governmental and business-type activities.

**Table 1: Statement of Net Position as of April 30, 2014
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets						
Current & Other Assets	\$116.6	\$112.4	\$24.4	\$24.2	\$141.0	\$136.6
Capital Assets	168.1	167.9	30.3	31.5	198.4	199.4
Total Assets	284.7	280.3	54.7	55.7	339.4	336.0
Deferred Outflows of Resources	1.9	1.6	-	-	1.9	1.6
Liabilities						
Current Liabilities	20.7	17.2	0.6	0.5	21.3	17.7
Long-Term Liabilities	44.0	50.4	0.5	0.6	44.5	51.0
Total Liabilities	64.7	67.6	1.1	1.1	65.8	68.7
Deferred Inflows of Resources	32.5	31.4	-	-	32.5	31.4
Net Position						
Net Investment in Capital Assets	127.4	121.1	30.3	31.4	157.7	152.5
Restricted	16.8	17.6	-	-	16.8	17.6
Unrestricted	45.2	44.2	23.3	23.2	68.5	67.4
Total Net Position	\$189.4	\$182.9	\$53.6	\$54.6	\$243.0	\$237.5

For more detailed information see the Statement of Net Position (Page 4-5).

(See independent auditor’s report.)

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

Normal Impacts on Net Position

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

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

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 position 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 position 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 Position

The Village's \$5.5 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$6.6 million and the business-type activities net position decreasing \$1.1 million. The governmental activities total assets increased by \$4.4 million and the governmental activities total liabilities and deferred inflows of resources decreased by \$1.8 million.

The governmental activities total assets increase of \$4.4 million is due to a \$4.2 million increase in current and other assets and a \$200,000 increase in capital assets. The Village's public buildings are depreciated over time which decreases capital assets. However, this was offset by increases in governmental activity capital assets due to additions of land for TIF 4 of \$475,000, right of way dedication of \$614,300 from Autumn Leaves Memory Care, and Construction in Progress of \$639,700 from the Northwest Highway/Davis/Arthur Intersection project. The governmental activities cash position increased by about \$635,000 due to revenues coming in higher than expenses for the fiscal year. The Governmental Activities' property tax receivables show an increase of about \$616,000 over the prior period, and receivables from other taxes increased by about \$864,000 for this same period. Other receivables and prepaid/inventories increased by about \$2.2 million as of the end of FY2014 due to the prepayment of a ladder truck and ambulance of \$1.1 million and grants of \$1.1 million.

Total governmental activity liabilities decreased by \$2.9 million compared to the prior year. Current liabilities increased by about \$3.5 million, due to increased balances in accounts payable of \$2.6 million due to accruals in the General Fund of \$700,000, Capital Projects of \$1.2 million, and the Fleet Fund of \$200,000. In addition, there was an increase in the current portion of long-term liabilities of \$827,000, due mainly from General Obligation bonds payable increasing \$315,000 and Compensated Absences increasing \$363,000 as of the end of FY2014. The increase in current liabilities was more than offset by a significant decrease in long-term liabilities of about \$6.4 million. The decrease in long-term liabilities is due primarily to the reduction in the Village's total bond indebtedness by \$6.5 million. The Village's net pension obligation also decreased by nearly \$170,000, due to the annual contributions that were made being greater than the annual pension cost.

The Village's other post-employment benefits (OPEB) obligation increased by about \$290,000, from a combination of an increase in the Annual OPEB cost and a decrease in the annual contributions. 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

(See independent auditor's report.)

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

implicit OPEB liability arises from implicit rate subsidies under which health care premiums are typically based on a blended premium for active employees and retirees. Under the Village’s current benefit package, retirees can participate in the Village’s health care plan, but must pay 100% of the premium. However, as retiree costs are actuarially more significant than active employee’s health care costs, the Village implicitly subsidizes the retiree rates. On a bi-annual basis, the Village must hire an actuary to calculate the value of the explicit OPEB cost and implicit subsidy.

Deferred inflows of resources include the 2013 property tax levy and property tax increment monies from the Village’s tax increment financing districts that were levied during FY2014, but are now reported as deferred inflows of resources which reflect unavailable revenue from property taxes. At the start of FY2015 these property tax receipts will become available and be classified as revenue at that time. The unamortized loss on refunding reflects the amount required to repay the old debt and the net carrying amount of the old debt.

The total assets of the business-type activities decreased by \$1 million from \$55.7 million to \$54.7 million. This was due to a \$.2 million increase in current assets offset by a \$1.2 million decrease in capital assets. Capital assets decreased due to depreciation on existing water and sewer buildings and infrastructure that exceeded current year infrastructure additions. Total liabilities of business-type activities stayed the same from year to year.

Changes in Net Position

The Village’s combined change in net position decreased by \$1.8 million, from a \$7.3 million increase to a \$5.5 million increase in FY2014. The Village’s total revenue increased by \$2.3 million. The Village’s cost of all programs increased by \$4 million. The following table shows the condensed revenues and expenses of the Village’s activities:

**Table 2: Changes in Net Position for the FY Ended April 30, 2014
(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenue						
Program Revenues						
Charges for Services	\$12.0	\$12.7	\$16.0	\$16.0	\$28.0	\$28.7
Operating Grants	2.8	3.0	-	-	2.8	3.0
Capital Grants	1.5	1.8	-	-	1.5	1.8
General Revenues						
Property Taxes & Replacement Taxes	31.1	30.8	-	-	31.1	30.8
Other Taxes	39.5	37.1	0.4	0.4	39.9	37.5
Other Revenue	1.8	0.8	-	0.2	1.8	1.0
Total Revenues	\$88.7	\$86.2	\$16.4	\$16.6	\$105.1	\$102.8
Expenses						
Governmental Activities						
General Government	5.2	5.4	-	-	5.2	5.4
Public Safety	43.9	43.1	-	-	43.9	43.1
Highways & Streets	23.5	19.7	-	-	23.5	19.7
Community Development	5.3	5.8	-	-	5.3	5.8
Health & Welfare	2.6	2.1	-	-	2.6	2.1
Interest	1.6	1.9	-	-	1.6	1.9
Business Type						
Water & Sewer	-	-	15.5	15.7	15.5	15.7
Solid Waste Disposal	-	-	1.2	1.3	1.2	1.3
Arts, Ent. & Events	-	-	0.7	0.5	0.7	0.5
Total Expenses	\$82.1	\$78.0	\$17.4	\$17.5	\$99.5	\$95.5
Change in Net Position	6.6	8.2	(1.0)	(0.9)	5.6	7.3
Beginning Net Position	182.8	174.7	54.6	55.5	237.4	230.2
Ending Net Position	\$189.4	\$182.9	\$53.6	\$54.6	\$243.0	\$237.5

(See independent auditor’s report.)

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

Normal Impacts on Revenues and Expenses

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

Revenues:

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

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

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

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

Expenses:

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

Increase/Decrease in Authorized Personnel – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 81% of the Village’s General Fund and 39% of Water & Sewer Fund operating costs.

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

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

(See independent auditor’s report.)

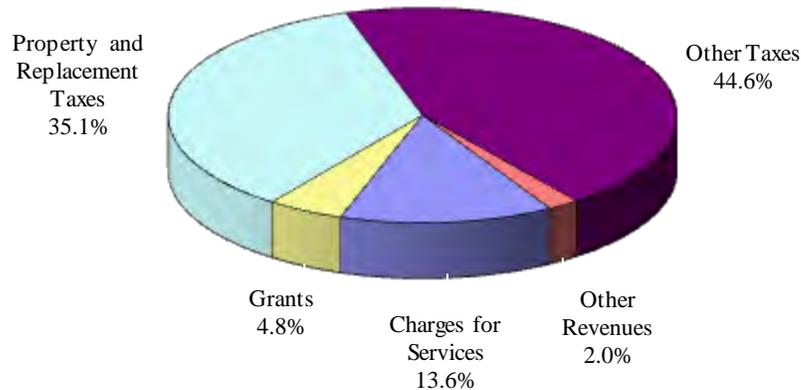
**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

Current Year Impacts

Governmental Activities

Revenues:

**FY2014 Governmental Activities
Revenues by Source**



For the fiscal year ended April 30, 2014, revenues from Governmental Activities totaled \$88.7 million, which was \$2.5 million more than the prior year total. During the fiscal year property taxes and replacement taxes continued to be one of the Village’s largest revenue categories coming in at \$31.1 million and representing 35.1% of total Government Activity revenue. This includes property tax increment revenue generated by the Village’s tax increment financing (TIF) districts, which brought in \$845,700 during the fiscal year. Property tax receipts increased about \$300,000 compared to the prior fiscal year. This is a result of an overall increase of tax receipts during the year for General Fund and Debt Service Fund.

Other taxes, including sales tax revenues combined with the telecommunications tax, food and beverage tax, use tax, home-rule sales tax, shared State income tax revenues, and other miscellaneous taxes total \$39.5 million representing 44.6% of the total Governmental Activity revenue. Village sales tax receipts increased by about \$1.2 million or 11% higher than the prior fiscal year. Income tax receipts came in higher than last year, increasing by about \$550,000 or about 8%. Telecommunication tax receipts decreased substantially by about \$362,000 or 10%, due to the State audit, which decreased FY2014 revenues by \$234,890 for prior year incorrect disbursements. Electric and natural gas utility tax receipts increased by about \$237,000 due to higher than normal natural gas use during the exceptionally cold winter months of FY2014.

Charges for Services came in at \$12 million or 13.6% of total Government Activity revenue. These revenues include Building Permits, Engineering Services charges, Ambulance Fees, Cable Franchise Fees, General Fund Service Charges to the Municipal Parking, TIF, and Water & Sewer Funds, parking lot fees and fines, and other charges. Charges for Services decreased by about \$700,000 or 2.3% due to lower water and sewer revenue and decreased building permit and ambulance fees compared to the prior year.

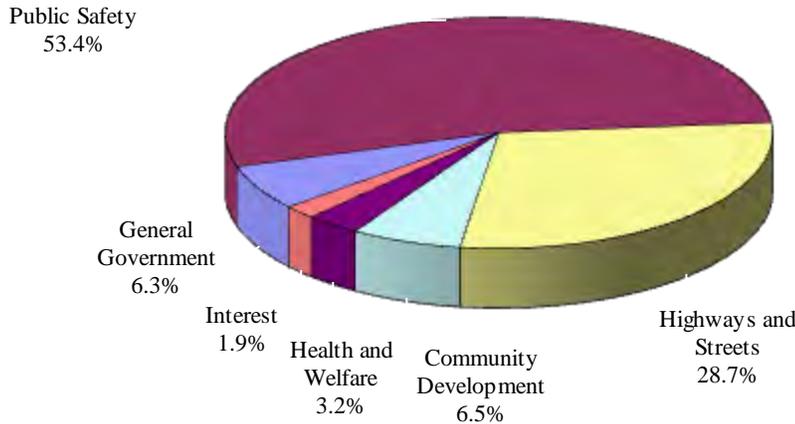
Grants also decreased by about \$500,000 over the prior year. This decrease is due to primarily to the EECBG Grant nearing completion in the prior year and a decreased amount received from the Department of Justice Seizure Funds. In addition, there were infrastructure additions totaling about \$614,000 due to right-of-way conveyance associated with the Autumn Leaves memory Care Facility.

(See independent auditor’s report.)

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

Expenses:

**FY2014 Governmental Activities
Expenses by Function**



For the fiscal year ended April 30, 2014, expenses from Governmental Activities totaled \$82.1 million, an increase of \$4.1 million or 5.4% over the prior year. General Government expenses decreased from the prior year by \$179,000.

Public Safety expenses increased by \$738,000 due in part to a 3% increase to salaries and an increase to medical insurance and employer contributions to the Police and Fire Pension Funds. Police and Fire pension property tax levies are collected in the General Fund and paid to these respective pension funds as an employer contribution, and are shown as pension expenses in the Police and Fire Departments.

Highways & Streets expenses increased by \$3.8 million, mainly due to an increase in road construction of \$1.6 million over prior year, along with Fleet purchases of \$1.9 million.

Business-Type Activities

Revenues:

The total revenue for the business-type activities decreased by \$260,000. Water and sewer rates were increased five percent per the Village’s five-year rate plan. However, normal summer weather conditions in 2013 and lower water usage by residents and businesses resulted in water and sewer revenues coming in \$112,000 lower than the prior year. In addition, the Village’s share of the decrease in the Northwest Water Commission equity was \$89,000.

Expenses:

Expenses from business-type activities decreased by about \$80,000 compared to the prior year. Water & Sewer Fund personal and contract services expenses increased by about \$360,000, but this was more than offset by capital expenses which were about \$600,000 lower than the prior year. FY2013 included expenses for the water tank repainting program and 2-way mobile radio replacements which were not part of the FY2014 capital program. The Arts, Entertainment and Events Fund expenses increased by about \$187,000 in FY2014 due to one-time costs associated with the Metropolis Theater including the refurbishment of the 2nd floor space and new sound and ticketing systems.

(See independent auditor’s report.)

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

FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

Governmental Funds

At April 30, 2014 the Governmental Funds (as presented on Page 8-13) reported a combined fund balance of \$51,161,403, which is a .09% increase from the beginning of the year balance of \$51,114,136. Of the total fund balance, \$22,942,073 is unassigned indicating availability for continuing Village services. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Restricted fund balance reflects amounts that can be spent only for specific purposes stipulated by creditors, grantors, contributors, or imposed by law through enabling legislation adopted by the Village. Restricted fund balances totaling \$17,361,269 include \$1,681,930 for debt service, \$5,799,931 for capital projects, \$815,912 for public safety (Foreign Fire Insurance and Drug Forfeiture Funds), \$1,550,885 for highways and streets (MFT Fund), \$3,836,637 for community development (TIF Funds), and \$3,675,974 for Flood V Fund reserves. Assigned fund balances are intended to be used by the Village for specific purposes and are designated by the Village’s Finance Director for reporting purposes. Assigned fund balances totaling \$10,101,483 include \$4,348,367 for public parking, \$1,707,592 for public buildings, \$3,296,229 for emerald ash borer purposes, and \$749,295 for other miscellaneous purposes.

The General Fund is the Village’s primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$827,781 or 3.6% over FY2013. Revenues came in over expenditures by \$5,227,781 and other financing sources (uses) included a \$200,000 transfer to the Fleet Fund for the replacement of an ambulance. Funds for this transfer came from the estate of a resident who had directed that the donation be used solely for the purchase of Fire Department equipment. There were additional one-time transfers out totaling \$4.2 million with \$600,000 to the Emerald Ash Borer (EAB) Fund, \$600,000 to the Capital Projects Fund and \$600,000 to the MFT Fund for additional street resurfacing, \$1 million to the Flood Control V Fund to provide initial cash funding toward future flood remediation work, and \$1.4 million to the Fleet Fund to improve the funded status of that fund.

Proprietary Funds

At April 30, 2014 the Proprietary Funds (as presented on Pages 13-16) total net position decreased by \$1,071,443, or 2%. In the Water & Sewer Fund cash and investments and customer receivables decreased by \$153,000 due to planned expenses coming in higher than revenues. Solid Waste Disposal Fund cash and investments increased by \$344,000. Accumulated depreciation increased by \$1.4 million and depreciable assets increased by \$300,000. Other receivables in the A, E & E Fund increased by \$87,775 to reflect an amount due from the Performing Arts at Metropolis (PAM) for unpaid common area maintenance charges as of April 30, 2014. Total liabilities remained relatively unchanged from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3: General Fund Budgetary Highlights

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$67,625,400	\$67,625,400	\$70,622,889
Expenditures	67,211,100	67,395,262	65,395,108
Excess of Revenues			
Over Expenditures	414,300	230,138	5,227,781
Other Financing Sources (Uses)	(360,000)	(4,760,000)	(4,400,000)
Net Changes in Fund Balance	\$54,300	(4,529,862)	\$827,781

(See independent auditor’s report.)

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

Over the course of the fiscal year, as shown on page 73 the Village amended the General Fund expenditure budget at various times for a total of \$184,162, or .3% over the original budget. The expenditure budget amendments can be summarized as follows:

\$ 153,362	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>30,800</u>	Miscellaneous budget amendments.
<u>\$ 184,162</u>	Total General Fund expenditure budget amendments.

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

\$ 200,000	Transfer to the Fleet Fund (Donation from Resident’s Estate).
600,000	Transfer to the Emerald Ash Borer (EAB) Fund.
1,400,000	Additional Transfer to the Fleet Fund.
600,000	Transfer to the Capital Projects Fund.
600,000	Transfer to the MFT Fund
<u>1,000,000</u>	Transfer to the Flood Control V Fund.
<u>\$ 4,400,000</u>	Total General Fund Other Financing Sources (Uses) budget amendments.

General Fund revenues ended the fiscal year positively with \$2,997,499 more than the final budget. Sales, home rule sales, and State use tax receipts came in a combined \$1,221,000 over budget. Electric utility tax receipts came in \$110,000 under budget, but natural gas utility tax receipts outperformed the budget by \$570,000 due to the unusually cold winter weather in FY2014. Income tax receipts exceeded the budget by \$768,000. Building permit revenue came in over budget by \$339,000, due to the large ongoing Arlington Downs and Lutheran Homes projects. However, building permit revenue was \$373,000 lower than the prior year which reflects the temporary effects of large development projects. Telecommunications tax receipts and ambulance service charges came in under budget by \$506,000 and \$65,000 respectively. Other revenues came in over budget by a combined \$780,000.

The year-end results for General Fund expenditures were also positive as expenditures came in under budget by \$2,000,154. Of this amount salary and fringe expenditures for Police Officers came in under budget by about \$462,000 due to normal vacancies and temporary workers compensation related vacancies. There were also a number of vacancies in the Finance, Public Works, Planning, Engineering and Building & Health Departments that resulted in wages and fringes coming in under budget in these departments by a combined \$371,000. Police and Fire supplies, clothing and small tools also came in under budget by about \$222,000. The Building Department also came in under budget by \$55,000 due in large part to funds that were allocated for court-mandated emergency property maintenance and clean-up efforts for uninhabitable homes that were not required this year.

Public Works Department wages and fringes came in under budget by about \$156,000. However, during the year a budget transfer from the contingency account of \$150,000 was approved by the Village Board to account for the additional overtime associated with the Department’s extraordinary snow removal efforts. Under budget results for Public Works contractual services and commodities amounted to a combined \$348,000. These under budget expenditure areas include accounts for building maintenance, tree services, disposal services, and street and sidewalk supplies. Other Village expenditures came in under budget including the unused budgeted contingency amount of \$103,000, and \$338,000 for other miscellaneous expenditures throughout the departments.

Other Financing Uses came in under the amended budget as the \$360,000 budgeted transfer to the Health Insurance Fund was not required. The amended budget was significantly higher than a normal year. During the year the Village transferred \$200,000 to the Fleet Fund for the replacement of an ambulance. Funds for this transfer came from the estate of a resident who had directed that the donation be used solely for the purchase of Fire Department equipment. There were additional one-time transfers out totaling \$4.2 million including \$600,000 to the Emerald Ash Borer (EAB) Fund, \$600,000 to the Capital Projects Fund and \$600,000 to the MFT Fund for additional street resurfacing, \$1 million to the Flood Control V Fund to provide initial cash funding toward future flood remediation work, and \$1.4 million to the Fleet Fund to improve the funded status of that fund. The Village’s total net change in fund balance increased by \$827,781 as a result of revenues coming in over expenditures by \$5,227,781, net of other financing sources (uses) totaling (\$4,400,000).

(See independent auditor’s report.)

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

CAPITAL ASSETS

At the end of FY2014, the Village had a combined total of \$198.4 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 36-37 in the Notes to the Financial Statements. Table 4 shows that total capital assets had a net decrease (including additions and deletions) of \$956,800. Table 5 focuses on the changes in capital assets of the governmental and business-type activities.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$13.5	\$13.1	\$3.1	\$3.1	\$16.7	\$16.2
Land Right-of-Way (ROW)	73.7	73.1	-	-	73.7	73.1
Construction in Progress	0.6	-	-	-	0.6	-
Building	65.4	67.9	10.6	11.1	76.1	79.0
Machinery & Equipment	7.8	6.2	2.3	2.5	10.1	8.7
Infrastructure (Streets)	7.0	7.6	-	-	7.0	7.6
Underground Systems (Water & Sewer)	-	-	14.2	14.8	14.2	14.8
Total Capital Assets, Net	\$168.2	\$167.9	\$30.3	\$31.5	\$198.4	\$199.4

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$167.91	\$31.49	\$199.40
Additions			
Depreciable	2.70	0.28	2.98
Non-Depreciable	1.10	-	1.10
CIP	0.63	-	0.63
Retirements			
Depreciable	(0.98)	-	(0.98)
Non-Depreciable	-	-	-
CIP	-	-	-
Depreciation	(4.16)	(1.48)	(5.64)
Retirement	0.95	-	0.95
Ending Balance	\$168.15	\$30.29	\$198.44

(See independent auditor's report.)

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

The governmental activities net capital assets increased by \$240,000 or .1% due to the land purchase for TIF 4 of \$475,000, right of way dedication of \$614,300 from Autumn Leaves Memory Care, and Construction in Progress of \$639,700 from the Northwest Highway/Davis/Arthur Intersection project. These additions are netted against Depreciation Expense of \$1.48 million. For business-type activities, the capital assets net of depreciation decreased by \$1.20 million or 3.8% due primarily to depreciation on existing assets.

DEBT OUTSTANDING

As of April 30, 2014 total General Obligation Bonds outstanding for governmental activities amounted to \$41.39 million. Of this amount, \$4.42 million is for flood control and Library building purposes, \$31.76 million for reconstruction of public buildings, \$1.56 million for TIF projects, \$2.22 million for the NWCDS building, \$.93 million for the Senior Center, and \$.50 million for street resurfacing. The Village, under its home rule authority, does not have a legal debt limit. The Village's bond rating of Aa1 by Moody's Investors Service was reaffirmed in August 2013 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 39-44.

ECONOMIC FACTORS AND NEXT YEAR'S FY2015 BUDGET

This fiscal year ended positively as the Village's General Fund ended with a surplus. This operating fund pays for most Village services, except for water and sewer expenses. The financial condition of the General Fund has improved significantly over the last four fiscal years. Aggressive budgetary actions on both the expenditure and revenue sides of the ledger in prior fiscal years enabled the Village to maintain a strong fund balance throughout the last recession. As of August 15, 2014, the last day of fieldwork for the audit, the Village's FY2015 revenue and expenditure budget assumptions are continuing to come in as expected. While there are eight months remaining in this next fiscal year, these early results continue to follow the positive year end results for FY2014.

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.)

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Statement of Net Position
April 30, 2014**

	Governmental Activities	Business- Type Activities	Totals	Component Unit Arlington Heights Memorial Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 80,692,154	\$ 6,949,370	\$ 87,641,524	\$ 14,861,959
Receivables - Net of Allowances				
Property Taxes	15,984,171	-	15,984,171	6,389,626
Other Taxes	6,987,311	-	6,987,311	-
Accounts	4,773,952	1,807,333	6,581,285	7,135
Accrued Interest	49,929	4,747	54,676	10,149
Other	4,830,588	142,774	4,973,362	-
Prepays/Inventories	2,071,367	721,499	2,792,866	180,495
Total Current Assets	115,389,472	9,625,723	125,015,195	21,449,364
Noncurrent Assets				
Capital Assets				
Nondepreciable	87,916,830	3,124,150	91,040,980	142,378
Depreciable	171,390,048	101,370,225	272,760,273	19,835,318
Accumulated Depreciation	(91,152,115)	(74,205,673)	(165,357,788)	(11,485,274)
	168,154,763	30,288,702	198,443,465	8,492,422
Other Assets				
Deposit with Joint Venture	-	14,834,170	14,834,170	-
Net Pension Asset	1,202,665	-	1,202,665	-
	1,202,665	14,834,170	16,036,835	-
Total Noncurrent Assets	169,357,428	45,122,872	214,480,300	8,492,422
Total Assets	284,746,900	54,748,595	339,495,495	29,941,786
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Loss on Refunding	1,916,887	-	1,916,887	-
Total Assets and Deferred Outflows of Resources	286,663,787	54,748,595	341,412,382	29,941,786

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business- Type Activities	Totals	Component Unit Arlington Heights Memorial Library
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 4,345,314	\$ 422,884	\$ 4,768,198	\$ 302,031
Accrued Payroll	788,815	139,420	928,235	260,971
Accrued Interest	564,927	-	564,927	-
Claims Payable	3,310,099	-	3,310,099	-
Other Payables	3,900,754	8,000	3,908,754	93,876
Due to Other Governments	349,918	-	349,918	-
Current Portion of Long-Term Liabilities	7,415,327	85,791	7,501,119	53,218
Total Current Liabilities	20,675,154	656,095	21,331,250	710,096
Noncurrent Liabilities				
Compensated Absences Payable	2,871,978	343,165	3,215,142	212,873
Net Pension Obligation	1,323,284	-	1,323,284	-
Net Other Post-Employment Benefits Obligation Payable	3,922,260	174,722	4,096,982	455,712
General Obligation Bonds Payable - Net	35,938,812	-	35,938,812	-
Total Noncurrent Liabilities	44,056,334	517,887	44,574,220	668,585
Total Liabilities	64,731,488	1,173,982	65,905,470	1,378,681
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	32,489,052	-	32,489,052	13,423,350
Total Liabilities and Deferred Inflows of Resources	97,220,540	1,173,982	98,394,522	14,802,031
NET POSITION				
Net Investment in Capital Assets	127,435,505	30,288,702	157,724,207	8,492,422
Restricted - Debt Service	1,117,003	-	1,117,003	-
Restricted - Capital Projects	5,799,931	-	5,799,931	-
Restricted - Motor Fuel Taxes	1,550,885	-	1,550,885	-
Restricted - Foreign Fire Insurance	339,828	-	339,828	-
Restricted - Criminal Investigation	476,084	-	476,084	-
Restricted - Tax Increment Financing	3,836,637	-	3,836,637	-
Restricted - Community Development	3,675,974	-	3,675,974	-
Restricted - Culture, Recreation and Education	-	-	-	6,647,333
Unrestricted	45,211,400	23,285,911	68,497,311	-
Total Net Position	\$ 189,443,247	\$ 53,574,613	\$ 243,017,860	\$ 15,139,755

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2014**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 5,194,272	\$ 4,337,694	\$ 23,000	\$ 273,300
Public Safety	43,866,734	3,050,316	369,208	-
Highways and Streets	23,532,913	3,253,819	2,188,218	1,228,000
Health and Welfare	2,642,799	31,751	1,314	-
Community Development	5,337,880	1,375,624	205,661	-
Interest on Long-Term Debt	1,563,358	-	-	-
Total Governmental Activities	82,137,956	12,049,204	2,787,401	1,501,300
Business-Type Activities				
Water and Sewer	15,537,127	14,232,051	-	-
Solid Waste Disposal	1,230,310	1,575,908	-	-
Arts, Entertainment and Events	698,518	149,351	-	-
Total Business-Type Activities	17,465,955	15,957,310	-	-
Total Primary Government	\$ 99,603,911	\$ 28,006,514	\$ 2,787,401	\$ 1,501,300
Component Unit				
Arlington Heights Memorial Library	\$ 12,913,172	\$ 209,716	\$ 135,167	\$ -

General Revenues
Taxes
Property
Utility
Home Rule Sales
Food and Beverage
Hotel/Motel
Telecommunications
Foreign Fire Insurance
Other
Intergovernmental - Unrestricted
State Sales and Use
Replacement Taxes
Shared Income Tax
Interest
Miscellaneous
Change in Net Position
Net Position - Beginning
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net Expense/Revenue			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Arlington Heights Memorial Library
\$ (560,278)	\$ -	\$ (560,278)	\$ -
(40,447,210)	-	(40,447,210)	-
(16,862,876)	-	(16,862,876)	-
(2,609,734)	-	(2,609,734)	-
(3,756,595)	-	(3,756,595)	-
(1,563,358)	-	(1,563,358)	-
(65,800,051)	-	(65,800,051)	-
-	(1,305,076)	(1,305,076)	-
-	345,598	345,598	-
-	(549,167)	(549,167)	-
-	(1,508,645)	(1,508,645)	-
(65,800,051)	(1,508,645)	(67,308,696)	-
-	-	-	(12,568,289)
30,637,670	-	30,637,670	13,177,915
5,805,227	-	5,805,227	-
7,033,558	-	7,033,558	-
1,881,211	470,918	2,352,129	-
968,827	-	968,827	-
3,244,472	-	3,244,472	-
146,650	-	146,650	-
313,140	-	313,140	-
12,828,223	-	12,828,223	-
466,766	-	466,766	-
7,318,303	-	7,318,303	-
285,637	22,143	307,780	69,861
1,458,299	(55,859)	1,402,440	52,393
72,387,983	437,202	72,825,185	13,300,169
6,587,932	(1,071,443)	5,516,489	731,880
182,855,315	54,646,056	237,501,371	14,407,875
\$ 189,443,247	\$ 53,574,613	\$ 243,017,860	\$ 15,139,755

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2014**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 25,154,347
Receivables - Net of Allowances	
Property Taxes	10,775,176
Other Taxes	6,457,159
Accrued Interest	21,547
Other	1,095,091
Due from Other Funds	4,786,129
Prepays/Inventories	<u>317,836</u>
 Total Assets	 <u><u>\$ 48,607,285</u></u>
LIABILITIES	
Accounts Payable	\$ 1,982,245
Accrued Payroll	703,748
Due to Other Governments	-
Due to Other Funds	-
Other Payables	6,186
Total Liabilities	<u>2,692,179</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>21,905,902</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,598,081</u>
FUND BALANCES	
Nonspendable	317,836
Restricted	-
Assigned	749,295
Unassigned	<u>22,942,073</u>
Total Fund Balances	<u>24,009,204</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 48,607,285</u></u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Nonmajor	Totals
\$ 5,130,752	\$ 6,523,937	\$ 22,218,607	\$ 59,027,643
3,258,831	1,359,637	590,527	15,984,171
-	391,700	138,452	6,987,311
3,497	4,032	9,451	38,527
-	1,368,109	2,358,233	4,821,433
-	-	-	4,786,129
-	-	438,742	756,578
<u>\$ 8,393,080</u>	<u>\$ 9,647,415</u>	<u>\$ 25,754,012</u>	<u>\$ 92,401,792</u>
\$ -	\$ 1,047,484	\$ 730,207	\$ 3,759,936
-	-	24,804	728,552
-	-	349,918	349,918
-	-	12,177	12,177
-	-	3,894,568	3,900,754
-	1,047,484	5,011,674	8,751,337
6,711,150	2,800,000	1,072,000	32,489,052
<u>6,711,150</u>	<u>3,847,484</u>	<u>6,083,674</u>	<u>41,240,389</u>
-	-	438,742	756,578
1,681,930	5,799,931	9,879,408	17,361,269
-	-	9,352,188	10,101,483
-	-	-	22,942,073
<u>1,681,930</u>	<u>5,799,931</u>	<u>19,670,338</u>	<u>51,161,403</u>
<u>\$ 8,393,080</u>	<u>\$ 9,647,415</u>	<u>\$ 25,754,012</u>	<u>\$ 92,401,792</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Position - Governmental Activities**

April 30, 2014

Total Governmental Fund Balances \$ 51,161,403

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 160,500,191

Internal Service Funds are used by the Village to charge the costs of vehicle and
equipment management and employee compensated absences to individual funds.
The assets and liabilities of the internal service funds are included in
the governmental activities in the Statement of Net Position. 26,342,383

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Compensated Absences Payable	(3,399,032)
Net Pension Asset	1,202,665
Net Pension Obligation Payable	(1,323,284)
Net Other Post-Employment Benefit Obligation	(3,756,894)
General Obligation Bonds Payable	(41,390,000)
Unamortized Bond Premium	(1,246,145)
Unamortized Loss on Refunding	1,916,887
Accrued Interest Payable	<u>(564,927)</u>

Net Position of Governmental Activities \$ 189,443,247

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2014

	<u>General</u>
Revenues	
Taxes	\$ 38,011,612
Intergovernmental	20,758,609
Charges for Services	4,204,321
Licenses, Permits and Fees	5,989,935
Fines and Forfeitures	666,060
Interest	92,574
Miscellaneous	899,778
Total Revenues	<u>70,622,889</u>
Expenditures	
Current	
General Government	4,277,526
Public Safety	42,845,346
Highways and Streets	11,229,389
Health and Welfare	1,937,986
Community Development	5,104,861
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>65,395,108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,227,781</u>
Other Financing Sources (Uses)	
Debt Issuance	-
Premium on Debt Issuance	-
Payment to Escrow Agent	-
Transfers In	-
Transfers Out	<u>(4,400,000)</u>
	<u>(4,400,000)</u>
Net Change in Fund Balances	827,781
Fund Balances - Beginning	<u>23,181,423</u>
Fund Balances - Ending	<u>\$ 24,009,204</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Nonmajor	Totals
\$ 6,593,147	\$ 4,433,639	\$ 845,707	\$ 49,884,105
-	1,228,000	2,988,734	24,975,343
-	-	1,080,142	5,284,463
-	-	-	5,989,935
-	-	89,136	755,196
16,361	21,650	88,101	218,686
278,788	201,530	97,813	1,477,909
6,888,296	5,884,819	5,189,633	88,585,637
-	-	-	4,277,526
-	-	167,333	43,012,679
-	-	1,231,301	12,460,690
-	-	212,804	2,150,790
-	-	277,710	5,382,571
-	7,412,077	4,505,753	11,917,830
6,160,000	-	-	6,160,000
1,624,978	-	-	1,624,978
7,784,978	7,412,077	6,394,901	86,987,064
(896,682)	(1,527,258)	(1,205,268)	1,598,573
7,755,000	-	-	7,755,000
862,170	-	-	862,170
(8,568,476)	-	-	(8,568,476)
805,188	600,000	2,208,500	3,613,688
-	-	(813,688)	(5,213,688)
853,882	600,000	1,394,812	(1,551,306)
(42,800)	(927,258)	189,544	47,267
1,724,730	6,727,189	19,480,794	51,114,136
\$ 1,681,930	\$ 5,799,931	\$ 19,670,338	\$ 51,161,403

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities**

For the Fiscal Year Ended April 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 47,267

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	1,887,062
Depreciation Expense	(3,141,942)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	(130,009)
Deductions to Net Pension Obligation Payable	169,810
Deductions to Net Pension Asset	(99,453)
Additions to Net Other Post-Employment Benefit Obligations	(270,361)
Amortization of Bond Premium	(706,632)
Amortization of Bond Discount	(10,881)
Issuance of Refunding Loss	518,709
Amortization of Refunding Loss	(224,843)
Issuance of General Obligation Bonds Payable	(7,755,000)
Retirement of General Obligation Bonds Payable	14,260,000

Changes to accrued interest on long-term debt in the Statement of Activities
do not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

91,573

Internal service funds are used by the Village to charge the costs of vehicle and equipment
management and employee compensated absences to individual funds.

The net revenue of certain activities of internal service funds is
reported with governmental activities.

1,952,632

Changes in Net Position of Governmental Activities \$ 6,587,932

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2014**

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Nonmajor	Totals	Activities Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 3,592,496	\$ 3,356,874	\$ 6,949,370	\$ 21,664,511
Receivables - Net of Allowances				
Accounts - Customer	1,807,333	-	1,807,333	-
Accrued Interest	2,449	2,298	4,747	11,402
Other	-	142,774	142,774	9,155
Prepays	5,600	114,062	119,662	1,241,060
Inventories	601,837	-	601,837	73,729
Total Current Assets	<u>6,009,715</u>	<u>3,616,008</u>	<u>9,625,723</u>	<u>22,999,857</u>
Noncurrent Assets				
Capital Assets				
Nondepreciable	2,648,950	475,200	3,124,150	-
Depreciable	98,804,479	2,565,746	101,370,225	18,674,792
Accumulated Depreciation	(73,431,705)	(773,968)	(74,205,673)	(11,020,220)
	<u>28,021,724</u>	<u>2,266,978</u>	<u>30,288,702</u>	<u>7,654,572</u>
Other Assets				
Investment in Joint Venture	14,834,170	-	14,834,170	-
Total Noncurrent Assets	<u>42,855,894</u>	<u>2,266,978</u>	<u>45,122,872</u>	<u>7,654,572</u>
Total Assets	<u>48,865,609</u>	<u>5,882,986</u>	<u>54,748,595</u>	<u>30,654,429</u>

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Nonmajor	Totals	Activities Internal Service
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 331,026	\$ 91,858	\$ 422,884	\$ 585,378
Accrued Payroll	139,420	-	139,420	60,263
Claims Payable	-	-	-	3,310,099
Other Payables	-	8,000	8,000	-
Compensated Absences Payable	85,791	-	85,791	38,188
Total Current Liabilities	556,237	99,858	656,095	3,993,928
Noncurrent Liabilities				
Compensated Absences Payable	343,165	-	343,165	152,752
Net Other Post-Employment Benefits Obligation Payable	174,722	-	174,722	165,366
Total Noncurrent Liabilities	517,887	-	517,887	318,118
Total Liabilities	1,074,124	99,858	1,173,982	4,312,046
NET POSITION				
Net Investment in Capital Assets	28,021,724	2,266,978	30,288,702	7,654,572
Unrestricted	19,769,761	3,516,150	23,285,911	18,687,811
Total Net Position	\$ 47,791,485	\$ 5,783,128	\$ 53,574,613	\$ 26,342,383

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2014**

	Business-Type Activities - Enterprise			Governmental
	Water and Sewer	Nonmajor	Totals	Activities Internal Service
Operating Revenues				
Charges for Services	\$ 14,152,307	\$ 1,725,259	\$ 15,877,566	\$ 17,893,114
Fines	-	-	-	29,586
Miscellaneous	79,744	-	79,744	477,985
Total Operating Revenues	<u>14,232,051</u>	<u>1,725,259</u>	<u>15,957,310</u>	<u>18,400,685</u>
Operating Expenses				
Operations	14,122,478	1,860,105	15,982,583	17,291,312
Depreciation	1,414,649	68,723	1,483,372	1,015,642
Total Operating Expenses	<u>15,537,127</u>	<u>1,928,828</u>	<u>17,465,955</u>	<u>18,306,954</u>
Operating Income (Loss)	<u>(1,305,076)</u>	<u>(203,569)</u>	<u>(1,508,645)</u>	<u>93,731</u>
Nonoperating Revenues (Expenses)				
Food and Beverage Tax	-	470,918	470,918	-
Disposal of Capital Assets	-	-	-	118,650
Interest Income	10,762	11,381	22,143	66,951
Other Income	(55,859)	-	(55,859)	-
	<u>(45,097)</u>	<u>482,299</u>	<u>437,202</u>	<u>185,601</u>
Income (Loss) Before Contributions and Transfers	(1,350,173)	278,730	(1,071,443)	279,332
Capital Contributions	-	-	-	73,300
Transfers In	-	-	-	2,438,490
Transfers Out	-	-	-	(838,490)
Change in Net Position	(1,350,173)	278,730	(1,071,443)	1,952,632
Net Position - Beginning	<u>49,141,658</u>	<u>5,504,398</u>	<u>54,646,056</u>	<u>24,389,751</u>
Net Position - Ending	<u>\$ 47,791,485</u>	<u>\$ 5,783,128</u>	<u>\$ 53,574,613</u>	<u>\$ 26,342,383</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2014**

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Nonmajor	Totals	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 14,232,051	\$ 1,725,259	\$ 15,957,310	\$ -
Interfund Services Provided	-	-	-	18,411,442
Payments to Suppliers	(10,357,210)	(1,761,126)	(12,118,336)	(16,603,670)
Payments to Employees	(3,875,031)	(106,000)	(3,981,031)	(1,608,197)
	<u>(190)</u>	<u>(141,867)</u>	<u>(142,057)</u>	<u>199,575</u>
Cash Flow from Noncapital Financing Activities				
Food and Beverage Tax	-	470,918	470,918	-
Transfers In	-	-	-	2,438,490
Transfers Out	-	-	-	(838,490)
	<u>-</u>	<u>470,918</u>	<u>470,918</u>	<u>1,600,000</u>
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	148,407
Purchase of Capital Assets	(274,250)	(11,500)	(285,750)	(2,467,802)
	<u>(274,250)</u>	<u>(11,500)</u>	<u>(285,750)</u>	<u>(2,319,395)</u>
Cash Flows from Investing Activities				
Interest Received	10,762	11,381	22,143	66,951
Net Change in Cash and Cash Equivalents	(263,678)	328,932	65,254	(452,869)
Cash and Cash Equivalents - Beginning	3,856,174	3,027,942	6,884,116	22,117,380
Cash and Cash Equivalents - Ending	<u>\$ 3,592,496</u>	<u>\$ 3,356,874</u>	<u>\$ 6,949,370</u>	<u>\$ 21,664,511</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (1,305,076)	\$ (203,569)	\$ (1,508,645)	\$ 93,731
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,414,649	-	1,414,649	1,015,642
Other Income (Expense)	(55,859)	68,723	12,864	-
(Increase) Decrease in Current Assets	(66,813)	(97,309)	(164,122)	(1,224,437)
Increase (Decrease) in Current Liabilities	12,909	90,288	103,197	314,639
Net Cash Provided by Operating Activities	<u>\$ (190)</u>	<u>\$ (141,867)</u>	<u>\$ (142,057)</u>	<u>\$ 199,575</u>
Noncash Capital and Related Financing Activities				
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,300</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position - Fiduciary Funds

April 30, 2014

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 13,146,252	\$ 1,735,848
Investments		
U.S. Treasury and Agency Obligations	59,525,339	-
Corporate Bonds and Obligations	40,098,848	-
Mutual Funds	76,884,995	-
Receivables - Net of Allowances		
Accounts	-	79,781
Accrued Interest	503,720	491
	<u>190,159,154</u>	<u>\$ 1,816,120</u>
LIABILITIES		
Accounts Payable	11,487	4,072
Deposits Payable	-	1,812,031
Due to Other Funds	4,773,952	-
Other Payables	21,735	17
	<u>4,807,174</u>	<u>\$ 1,816,120</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>\$ 185,351,980</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Statement of Changes in Net Position - Fiduciary Funds
For the Fiscal Year Ended April 30, 2014**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 9,031,880
Contributions - Plan Members	1,911,072
Contributions - Other	<u>355,475</u>
Total Contributions	<u>11,298,427</u>
Investment Income	
Interest Earned	4,081,158
Net Change in Fair Value	<u>14,776,325</u>
	18,857,483
Less Investment Expenses	<u>(445,620)</u>
Net Investment Income	<u>18,411,863</u>
Total Additions	<u>29,710,290</u>
Deductions	
Administration	73,594
Benefits and Refunds	<u>10,348,675</u>
Total Deductions	<u>10,422,269</u>
Change in Net Position	19,288,021
Net Position - Beginning	<u>166,063,959</u>
Net Position - Ending	<u>\$ 185,351,980</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Arlington Heights, Illinois (Village) operates as a home rule community with a council-manager form of government that provides policy leadership by elected officials that work along with the administrative direction of the Village Manager. The Village Board members are elected at large on a non-partisan basis, and they serve as the community's decision-makers. The Village Board members are composed of eight trustees, and one Village President, who is also the Village Mayor.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Arlington Heights
Discretely Presented Component Unit:	Arlington Heights Memorial Library

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village.

Police Pension Employees Retirement System

The Village's sworn 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 elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining 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 the Village's contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary Village because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The Village's sworn full-time firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the Village's President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS 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 the Village's contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn full-time firefighters. The FPERS is reported as a pension trust fund.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

Arlington Heights Memorial Library

The Arlington Heights Memorial Library (the Library) operates and maintains the public library within the Village. The Library is a public library operating in accordance with the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq. 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.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's public safety, highway and street maintenance and reconstruction, community development, health and welfare, and general administrative services are classified as governmental activities. The Village's water and sewer, solid waste disposal, and arts, entertainment and events activities are classified as business-type activities.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, community development, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains ten nonmajor special revenue funds.

Debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for the servicing of general long-term debt not being financed by proprietary funds.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains four capital projects funds. The Capital Projects Fund, a major fund, is used 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.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains three proprietary funds. The Water and Sewer Fund, a major fund, is used 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.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains six internal service funds. The Health and Life Insurance Fund is used to account for all costs associated with self-insurance risks for health and life insurance. The Retiree Health Insurance Fund is used to account for all costs associated with self-insurance risks for health insurance for retirees. The General Liability Insurance Fund is used to account for all costs associated with self-insurance risks for general liability and property loss. The Workers' Compensation Fund is used to account for all costs associated with self-insurance risks for general liability and property loss. The Fleet Operations Fund is used to account for all costs associated with maintaining and servicing the vehicles and equipment operated by the various departments within the Village. The Technology Fund is used to account for all costs associated with providing technology services to all departments for the operations of the Village.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity by the Village for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity by the Village for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's Fire Department.

Agency funds are used to account for assets held by the Village in a purely custodial capacity. The Village maintains three agency funds. The Guaranty Deposit Fund is used 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. The Escrow Deposit Fund is used 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. The Special Assessments Collection Fund is used 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.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary, pension trust, and agency fund equity is classified as net position. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, utility taxes and grants. Business-type activities report utility charges as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 – 40 Years
Machinery, Equipment and Vehicles	3 – 20 Years
Infrastructure	40 Years
Underground Systems	40 Years

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types 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 debt service expenditures.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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 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 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.

EXCESS OF ACTUAL EXPENSES, EXCLUSIVE OF DEPRECIATION, OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
TIF I South	\$ 2,425
Arts, Entertaining and Events	5,995
Workers' Compensation	19,603

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS

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 type'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. The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiles Statutes.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Fund are held separately from those of other City funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of 2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least 5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least 10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is 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 the share price, the price for which the investment could be sold.

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$31,299,590 and the bank balances totaled \$48,123,463. In addition, the Village has \$2,015,039 invested in the Illinois Funds and \$54,326,895 invested in IMET at year-end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with Village's 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. The Village's investment in the Illinois Funds and IMET has an average maturity of one to three years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's policy limits its exposure to credit risk by limiting investments to the safest types of securities, prequalifying the financial institution, 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. In the case of deposits, this is the risk that in the event of a 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 witnessed by a written collateral agreement and held by an independent third party. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the 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 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. 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 pool (LGIPS) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in IMET.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$3,369,124 and the bank balances totaled \$3,370,792.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Obligations	\$ 41,488,045	\$ 300,122	\$ 11,179,957	\$ 15,853,580	\$ 14,154,386
Illinois Funds	4,429,477	4,429,477	-	-	-
	<u>\$ 45,917,522</u>	<u>\$ 4,729,599</u>	<u>\$ 11,179,957</u>	<u>\$ 15,853,580</u>	<u>\$ 14,154,386</u>

Interest Rate Risk. The Fund's investment policy states that the investment portfolio will limit 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.

Concentration Risk. The Fund's investment policy requires diversification of investment to avoid unreasonable risk. Maximum percentages are cash 5%, fixed income 73%, large cap domestic equities 43%, small cap domestic equities 7%, international equities 7% and real estate 5%. In addition to the securities and fair values listed above, the Fund also has \$18,731,618 invested in common stock and \$33,878,039 invested in equities. At April 30, 2014, the Fund had no investments that exceeded 5% of the Fund's total investments.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. The Fund's investment policy limits its exposure to credit risk by primarily investment U.S. Treasury obligations and other obligations which are rated AA+ or better by national rating agency.

Custodial Credit Risk. In the case of deposits, the Fund's investment policy does not address custodial credit risk for deposit, but the Fund has a flow through FDIC for each plan member. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, the Fund limits its exposure by requiring all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts. At year-end, the Fund's investments in U.S. Government Agencies are all insured or registered with the Fund or its agent in the Fund's name.

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$2,405,671 and the bank balances totaled \$2,405,671.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Obligations	\$ 12,757,247	\$ 1,402,028	\$ 5,178,411	\$ 4,260,007	\$ 1,916,801
U.S. Property Real Estate	5,280,047	5,280,047	-	-	-
Illinois Funds	2,941,980	2,941,980	-	-	-
	<u>\$ 20,979,274</u>	<u>\$ 9,624,055</u>	<u>\$ 5,178,411</u>	<u>\$ 4,260,007</u>	<u>\$ 1,916,801</u>

Interest Rate Risk. The Fund's investment policy states that the investment portfolio will limit 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters’ Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. The Fund’s investment policy limits its exposure to credit risk by primarily investing U.S. Treasury obligations and other obligations which are rated Baa or better by national rating agency. The U.S. Treasury and U.S. agency obligations that had ratings were rated Aaa and the municipal bonds, corporate bonds and commercial paper that were rated ranged from Baa to Aaa.

Custodial Credit Risk. The 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. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, to limit its exposure, the Fund’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts.

Concentration Risk. The Fund’s investment policy requires diversification of investment to avoid unreasonable risk. Maximum percentages are cash 5%, fixed income 40%, large cap domestic equities 40%, small/mid cap domestic equities 15%, international equities 15%, real estate 11, and Global Tactical AA 9%. In addition to the securities and fair values listed above, the Fund also has \$21,367,230 invested in common stock and \$43,006,956 invested in equities. At April 30, 2014, the Fund’s investment in Vanguard Total Stock Market Index #855 and Pridex 500 Fund exceeded 5% of the Fund’s total investments. This is in compliance with the Fund’s investment policy.

CDBG REHABILITATION LOANS

The Village makes loans to residents for the rehabilitation of single-family housing. Initial funding for these loans was from the Community Development Block Grant (CDBG) Fund. These loans are titles 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 as follows:

<u>Beginning</u> <u>Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Written</u> <u>Off</u>	<u>Ending</u> <u>Balances</u>
<u>\$ 2,305,412</u>	<u>\$ 33,110</u>	<u>\$ 10,666</u>	<u>\$ -</u>	<u>\$ 2,327,856</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 13,064,722	\$ 475,000	\$ -	\$ 13,539,722
Land Right of Way	73,123,120	614,313	-	73,737,433
Construction in Progress	-	639,675	-	639,675
	<u>86,187,842</u>	<u>1,728,988</u>	<u>-</u>	<u>87,916,830</u>
Depreciable Capital Assets				
Buildings and Improvements	101,509,232	-	-	101,509,232
Machinery, Equipment and Vehicles	19,989,470	2,699,176	978,949	21,709,697
Infrastructure	48,171,119	-	-	48,171,119
	<u>169,669,821</u>	<u>2,699,176</u>	<u>978,949</u>	<u>171,390,048</u>
Less Accumulated Depreciation				
Buildings and Improvements	33,580,168	2,502,732	-	36,082,900
Machinery, Equipment and Vehicles	13,746,732	1,084,348	949,192	13,881,888
Infrastructure	40,616,823	570,504	-	41,187,327
	<u>87,943,723</u>	<u>4,157,584</u>	<u>949,192</u>	<u>91,152,115</u>
Total Net Depreciable Capital Assets	<u>81,726,098</u>	<u>(1,458,408)</u>	<u>29,757</u>	<u>80,237,933</u>
Total Net Capital Assets	<u>\$ 167,913,940</u>	<u>\$ 270,580</u>	<u>\$ 29,757</u>	<u>\$ 168,154,763</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 600,930
Public Safety	712,858
Highways and Streets	2,386,146
Health and Welfare	27,341
Community Development	430,309
	<u>\$ 4,157,584</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 3,124,150	\$ -	\$ -	\$ 3,124,150
Depreciable Capital Assets				
Buildings and Improvements	19,240,175	-	-	19,240,175
Machinery and Equipment	5,732,113	43,116	-	5,775,229
Underground Systems	76,112,187	242,634	-	76,354,821
	<u>101,084,475</u>	<u>285,750</u>	<u>-</u>	<u>101,370,225</u>
Less Accumulated Depreciation				
Buildings and Improvements	8,178,842	426,373	-	8,605,215
Machinery and Equipment	3,258,910	215,577	-	3,474,487
Underground Systems	61,284,549	841,422	-	62,125,971
	<u>72,722,301</u>	<u>1,483,372</u>	<u>-</u>	<u>74,205,673</u>
Total Net Depreciable Capital Assets	<u>28,362,174</u>	<u>(1,197,622)</u>	<u>-</u>	<u>27,164,552</u>
Total Net Capital Assets	<u>\$ 31,486,324</u>	<u>\$ (1,197,622)</u>	<u>\$ -</u>	<u>\$ 30,288,702</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewer	\$ 1,414,649
Arts, Entertainment and Events	<u>68,723</u>
	<u>1,483,372</u>

PROPERTY TAXES

Property taxes for 2013 attach as an enforceable lien on January 1, 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 Cook County and are payable in two installments, on or about March 1, and September 1. The County collects such taxes and remits them periodically.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 12,177
General	Police Pension	2,289,701
General	Firefighters' Pension	<u>2,484,251</u>
		<u>\$ 4,786,129</u>

Interfund balances are advances in anticipation of receipts.

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Debt Service	Nonmajor Governmental	\$ 805,188
Capital Projects	General	600,000
Nonmajor Governmental	General	2,200,000
Retiree Health Insurance	Health and Life Insurance	838,490
Fleet Operations	General	1,600,000
Nonmajor Governmental	Nonmajor Governmental	<u>8,500</u>
		<u>\$ 6,052,178</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$2,600,000 General Obligation Refunding Bonds of 2003A, due in annual installments of \$35,000 to \$550,000 plus interest at 2.00% to 4.00% through December 1, 2016.	Debt Service	\$ 960,000	\$ -	\$ 225,000	\$ 735,000
\$3,330,000 General Obligation Refunding Bonds of 2003B, due in annual installments of \$30,000 to \$325,000 plus interest at 2.00% to 4.00% through December 1, 2016.	Debt Service	1,255,000	-	320,000	935,000
\$20,000,000 General Obligation Bonds of 2004, due in annual installments of \$100,000 to \$2,500,000 plus interest at 3.00% to 5.00% through December 1, 2015.	Debt Service	100,000	-	100,000	-
\$2,235,000 General Obligation Refunding Bonds of 2005, due in annual installments of \$125,000 to \$425,000 plus interest at 3.30% to 3.65% through December 1, 2015.	Debt Service	1,175,000	-	350,000	825,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$20,000,000 General Obligation Bonds of 2006, due in annual installments of \$400,000 to \$3,400,000 plus interest at 4.00% through December 1, 2015.	Debt Service	\$ 14,400,000	\$ -	8,100,000 * \$ 1,500,000	\$ 4,800,000
\$16,515,000 General Obligation Refunding Bonds of 2006A, due in annual installments of \$275,000 to \$2,660,000 plus interest at 4.00% through December 1, 2018.	Debt Service	1,860,000	-	275,000	1,585,000
\$8,380,000 General Obligation Refunding Bonds of 2009A, due in annual installments of \$620,000 to \$2,835,000 plus interest at 2.00% to 2.50% through December 1, 2014.	Debt Service	5,445,000	-	2,610,000	2,835,000
\$2,050,000 General Obligation Bonds of 2009B, due in annual installments of \$315,000 to \$505,000 plus interest at 2.00% to 2.50% through December 1, 2014.	Debt Service	945,000	-	440,000	505,000
\$2,855,000 General Obligation Refunding Bonds of 2010, due in annual installments of \$20,000 to \$280,000 plus interest at 1.50% to 3.25% through December 1, 2022.	Debt Service	2,430,000	-	215,000	2,215,000

*Refunded amount.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$9,925,000 General Obligation Refunding Bonds of 2011, due in annual installments of \$40,000 to \$2,520,000 plus interest at 2.00% to 4.00% through December 1, 2026.	Debt Service	\$ 9,765,000	\$ -	\$ 40,000	\$ 9,725,000
\$9,670,000 General Obligation Refunding Bonds of 2012A, due in annual installments of \$85,000 to \$2,145,000 plus interest at 2.00% through December 1, 2022.	Debt Service	9,560,000	-	85,000	9,475,000
\$7,755,000 General Obligation Refunding Bonds of 2013, due in annual installments of \$35,000 to \$2,135,000 plus interest at 2.00% to 4.00% through December 1, 2019.	Debt Service	-	7,755,000	-	7,755,000
		<u>\$ 47,895,000</u>	<u>\$ 7,755,000</u>	<u>\$ 14,260,000</u>	<u>\$ 41,390,000</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences					
General	\$ 3,269,023	\$ 260,018	\$ 130,009	\$ 3,399,032	\$ 679,806
Internal Service	187,858	6,164	3,082	190,940	38,188
Net Pension Obligation	1,493,094	-	169,810	1,323,284	-
Net Other Post-Employment					
Benefits Obligation	3,639,219	283,041	-	3,922,260	-
General Obligation Bonds	47,895,000	7,755,000	14,260,000	41,390,000	6,475,000
Unamortized Items					
Premium	539,513	862,170	155,538	1,246,145	222,333
Discount	(10,881)	-	(10,881)	-	-
	<u>\$ 57,012,826</u>	<u>\$ 9,166,393</u>	<u>\$ 14,707,558</u>	<u>\$ 51,471,661</u>	<u>\$ 7,415,327</u>
Business-Type Activities					
Compensated Absences	\$ 421,929	\$ 14,054	\$ 7,027	\$ 428,956	\$ 85,791
Net Other Post-Employment					
Benefits Obligation	162,282	12,440	-	174,722	-
	<u>\$ 584,211</u>	<u>\$ 26,494</u>	<u>\$ 7,027</u>	<u>\$ 603,678</u>	<u>\$ 85,791</u>

For governmental-type activities, payments on the compensated absences, the net pension obligation and the net other post-employment benefits obligation are made by the General Fund. The Debt Service Fund makes payments on the general obligation bonds.

At year end, \$190,940 of internal service funds' compensated absences is included in the above amount and is generally liquidated by Health and Life Insurance, Workers' Compensation, Fleet Operations and Technology Internal Service Funds. In addition, \$165,366 of internal service funds' net other post-employment benefits obligation is included in the above amount and is liquidated by Health and Life Insurance, Workers' Compensation, Fleet Operations and Technology Internal Service Funds.

For the business-type activities, the compensated absences and the net other post-employment benefits obligation are liquidated by the Water and Sewer Fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2015	\$ 6,475,000	\$ 1,355,825
2016	5,190,000	1,159,162
2017	3,890,000	963,150
2018	3,645,000	845,250
2019	3,185,000	723,726
2020	3,330,000	619,588
2021	2,310,000	509,876
2022	2,465,000	460,076
2023	2,555,000	406,400
2024	2,450,000	333,800
2025	2,520,000	235,800
2026	1,895,000	135,000
2027	1,480,000	59,200
Total	<u>\$ 41,390,000</u>	<u>\$ 7,806,853</u>

Legal Debt Margin

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

“The General Assembly may limit by law the amount and require referendum approval of debt to the 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 Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Defeased Debt

On August 5, 2013, the Village issued \$7,755,000 par value General Obligation Refunding Bonds of 2013 to partially refund \$8,100,000 of the General Obligation Bonds of 2006. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village reduced its total debt service by \$496,550 and obtained an economic gain of \$542,456.

ECONOMIC DEVELOPMENT

The Village has entered into economic development agreements with companies to provide sales tax rebates. As of April 30, 2014, three agreements have been executed for stores that have opened. The agreements require the Village to rebate to the companies different amounts of additional sales tax generated by the facilities. The first agreement requires 33% of sales tax and home-rule sales tax to be rebated in annual installments through December 31, 2016 or \$1,839,310, whichever occurs first. The second agreement requires 33% of sales tax to be rebated in annual installments through April 30, 2015 or \$1,580,000, whichever occurs first. The third agreement requires a limit of \$2,250,000 sales tax to be rebated in annual installments through April 30, 2018. The amount paid/accrued for the fiscal year April 30, 2014 was \$331,620. Total expenditures incurred to date in rebates as of April 30, 2014 was \$1,967,453.

NET POSITION/FUND BALANCE

Fund Balance Classifications

Assigned Fund Balance. The Village reports assigned fund balance in the Municipal Parking Operations Fund (a Special Revenue nonmajor fund), and the Public Building and Emerald Ash Borer Funds, both nonmajor Capital Projects funds. The General Fund, a major fund, has assigned fund balance for Wellness Program, Disabled Citizens Program, Emergency Assistance Program, Senior Center Maintenance, and Canine Unit Donation. The Village's Board and/or Village Manager (by authorization in the fund balance policy) has assigned the funds to future improvement projects and equipment and vehicle purchases based on approved management expenditures as determined through the annual budget process.

Minimum Fund Balance Policy. The Village's fund balance policy states that the General Fund should maintain a minimum of at least 25% of expenditures.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications – Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Debt Service	Capital Projects	Nonmajor	Totals
Fund Balances					
Nonspendable					
Inventories	\$ 227,575	\$ -	\$ -	\$ -	\$ 227,575
Prepays	90,261	-	-	438,742	529,003
	<u>317,836</u>	<u>-</u>	<u>-</u>	<u>438,742</u>	<u>756,578</u>
Restricted					
Debt Service	-	1,681,930	-	-	1,681,930
Capital Projects	-	-	5,799,931	-	5,799,931
Motor Fuel Taxes	-	-	-	1,550,885	1,550,885
Foreign Fire Insurance	-	-	-	339,828	339,828
Criminal Investigation	-	-	-	476,084	476,084
Tax Increment Financing	-	-	-	3,836,637	3,836,637
Community Development	-	-	-	3,675,974	3,675,974
	<u>-</u>	<u>1,681,930</u>	<u>5,799,931</u>	<u>9,879,408</u>	<u>17,361,269</u>
Assigned					
Wellness Program	32,743	-	-	-	32,743
Disabled Citizens Program	15,134	-	-	-	15,134
Emergency Assistance Program	76,418	-	-	-	76,418
Senior Center Maintenance	425,000	-	-	-	425,000
Canine Unit Donation	200,000	-	-	-	200,000
Public Parking	-	-	-	4,348,367	4,348,367
Public Building	-	-	-	1,707,592	1,707,592
Emerald Ash Borer	-	-	-	3,296,229	3,296,229
	<u>749,295</u>	<u>-</u>	<u>-</u>	<u>9,352,188</u>	<u>10,101,483</u>
Unassigned					
	<u>22,942,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,942,073</u>
Total Fund Balances	<u>\$ 24,009,204</u>	<u>\$ 1,681,930</u>	<u>\$ 5,799,931</u>	<u>\$ 19,670,338</u>	<u>\$ 51,161,403</u>

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Net Position Classifications

Net investment in capital assets, was comprised of the following as of April 30, 2014:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 168,154,763
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2003A	(735,000)
General Obligation Refunding Bonds of 2003B	(935,000)
General Obligation Bonds of 2005	(825,000)
General Obligation Bonds of 2006	(4,800,000)
General Obligation Refunding Bonds of 2006A	(1,585,000)
General Obligation Refunding Bonds of 2009A	(2,835,000)
General Obligation Bonds of 2009B	(505,000)
General Obligation Refunding Bonds of 2010	(2,215,000)
General Obligation Refunding Bonds of 2011	(9,725,000)
General Obligation Refunding Bonds of 2012A	(9,475,000)
General Obligation Refunding Bonds of 2013	(7,755,000)
Unamortized Premium	(1,246,145)
Unamortized Loss on Refunding	<u>1,916,887</u>
Net Investment in Capital Assets	<u>\$ 127,435,505</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 30,288,702</u>

NOTE 4 – OTHER INFORMATION

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; employee health; 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-insurance 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 has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the current or three prior years. 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

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 2012 through 2014.

Changes in the balances of claims liabilities during the fiscal year are as follows:

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Totals
Claims Payable - April 30, 2012	\$ 901,953	\$ 257,818	\$ 1,261,072	\$ 2,420,843
Incurred Claims	6,356,676	205,250	1,768,640	8,330,566
Claims Paid	(6,307,385)	(229,359)	(1,093,483)	(7,630,227)
Claims Payable - April 30, 2013	951,244	233,709	1,936,229	3,121,182
Incurred Claims	6,479,437	950,217	1,282,364	8,712,018
Claims Paid	(6,395,879)	(940,805)	(1,186,417)	(8,523,101)
Claims Payable - April 30, 2014	<u>\$ 1,034,802</u>	<u>\$ 243,121</u>	<u>\$ 2,032,176</u>	<u>\$ 3,310,099</u>

High-Level Excess Liability Pool (HELP)

The Village is a member of the High-Level Excess Liability Pool (HELP). HELP is a public entity risk pool established by certain municipalities in Illinois to provide excess liability coverage (\$12,000,000 of coverage after a \$2,000,000 self-insurance retention). The Village’s payments to HELP are displayed on the financial statements as expenditures/expenses in appropriate funds.

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

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

HELP 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 HELP 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

CONTRACTUAL COMMITMENTS

High-Level Excess Liability Pool (HELP)

The Village has committed to purchase excess liability insurance from the High-Level Excess Liability Pool (HELP), and 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. HELP's 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

The Village paid \$113,558 to HELP in 2014. For 2015, the Village estimates it will pay \$126,400.

Solid Waste Agency of Northern Cook County (SWANCC)

Annual payments to SWANCC are based on estimated tonnage of waste transported to SWANCC. It is assumed that there will be no material changes in deliveries to SWANCC. For 2015 the Village estimates it will pay SWANCC \$1,368,750, with annual increases ranging from 0% to 3% through 2022.

CONTINGENT LIABILITIES

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 attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Grants

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES

Northwest Water Commission (NWWC)

The Village is a member of the Northwest Water Commission (NWWC) which consists of four municipalities. NWWC is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). NWWC is empowered under the Act to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers. The four members of NWWC and their percentage shares as of April 30, 2014 are as follows:

	<u>Percent Share</u>
Village of Arlington Heights	35.87 %
Village of Buffalo Grove	17.70
Village of Palatine	29.06
Village of Wheeling	<u>17.37</u>
	<u>100.00 %</u>

These percentage shares are based upon formula contained in the water supply agreement and are subject to change in future years based on consumption by the municipalities.

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

NWWC is governed by a Board of Commissioners which consists of one Village Manager from each member municipality. Each Commissioner has an equal vote. The officers of NWWC are appointed by the Board of Commissioners. The Board of Commissioners determines the general policy of NWWC, makes all appropriations, approves contracts for sale or purchase of water, adopts 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 the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Northwest Water Commission (NWWC) – Continued

Summary of financial positions as of April 30, 2014:

Current Assets	\$ 12,759,993	Current Liabilities	<u>\$ 1,174,522</u>
Noncurrent Assets		Net Position	<u>\$ 40,618,005</u>
Capital Assets	<u>29,032,534</u>		
Total Assets	<u>\$ 41,792,527</u>		

Summary of revenues, expenses and changes in net position for the year ended April 30, 2014:

Operating Revenues	\$ 9,584,247
Operating Expenses	<u>9,871,016</u>
Operating Income	(286,769)
Nonoperating Revenue (Expenses)	<u>40,502</u>
Change in Net Position	(246,267)
Net Position - Beginning	<u>40,864,272</u>
Net Position - Ending	<u>\$ 40,618,005</u>

Complete financial statements can be obtained from the Northwest Water Commission, 1525 North Wolf Road, Des Plaines, Illinois 60015.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Northwest Water Commission (NWWC) – Continued

Revenues of the system consist of: (a) all receipts derived from Water Supply Contracts or any other contract for the supply of water; (b) all income derived from the investment of monies; and (c) all income, fees, water service charges, and all rates, rents and receipts derived by NWWC from the ownership and operation of the system and the sale of water. NWWC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

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

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

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

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

The obligation of the Village to make payments required by this Agreement from revenues of the Waterworks and Sewerage System shall be payable from the operation and maintenance account of the Water and Sewer Fund.

In accordance with the joint venture agreement, the Village remitted \$3,471,097 to NWWC for the year ended April 30, 2014. All payments were paid from the Water and Sewer Fund. The Village’s share of net position of NWWC was \$14,834,170 at April 30, 2014.

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of twenty-three municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Solid Waste Agency of Northern Cook County (SWANCC) – Continued

SWANCC is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. SWANCC 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 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. Separate audited financial statements are available at 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

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. 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 Contracts are irrevocable, and may not be terminated or amended, except as provided in the Contract. 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 this Contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under this Contract.

The payments required to be made by the Village under this Contract are required to be made solely from revenues to be derived by the Village from the operation of the Municipal Waste System Fund. The Village is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation. In accordance with the joint venture agreement, the Village remitted \$1,230,310 to SWANCC for the year ended April 30, 2014, which is recorded in the Village's Solid Waste Disposal Fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit 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 a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. A separate report is issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the Village at 50 S. Emerson St. Arlington Heights, Illinois 60056. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or 1/2 of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer annual required contribution rate for calendar year 2013 was 14.17 percent.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At April 30, 2014, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	89
Current Employees	
Vested	83
Nonvested	<u>23</u>
	<u>195</u>

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

Covered employees are required 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 plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

Firefighters' Pension Fund

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At April 30, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	96
Current Employees	
Vested	75
Nonvested	<u>33</u>
	<u>204</u>

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

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 at the date of retirement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Plan – Continued

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees, if any, 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 contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

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 as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters – Continued

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

At April 30, 2014, the Police Pension Fund had no investments that exceeded 5% of the Fund's total investments. For the Firefighters' Pension Fund, the investments in Vanguard Total Stock Market Index #855 and Pridex 500 Fund exceeded 5% of the Fund's total investments. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

There was no net pension obligation for the IMRF Plan. The net pension obligation/(asset) for the Police Pension Plan and the Firefighters' Pension Plan as of April 30, 2014 is as follows:

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 4,222,683	\$ 4,771,232	\$ 8,993,915
Interest on Net Pension Obligation/(Asset)	98,621	(87,695)	10,926
Adjustment to Annual Required Contribution	(160,234)	116,916	(43,318)
Annual Pension Cost	4,161,070	4,800,453	8,961,523
Actual Contribution	4,330,880	4,701,000	9,031,880
Change in the NPO/(NPA)	(169,810)	99,453	(70,357)
NPO/(NPA) - Beginning	1,493,094	(1,302,118)	190,976
NPO/(NPA) - Ending	\$ 1,323,284	\$ (1,202,665)	\$ 120,619

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The Village’s actuarial assumptions and related information for each plan is as follows:

	IMRF	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	14.17%	22.77%	23.670%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2013	4/30/2014	4/30/2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	26 Years	26 Years
Asset Valuation Method	5-Year Smoothed Market	3-Year Smoothed Market	3-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	6.75% Compounded Annually	6.75% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.75%	4.75%
Inflation Rate Included	4.00%	5.50%	5.50%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

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

	Year	IMRF	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2012	\$ 3,565,249	\$ 4,313,030	\$ 4,549,364
	2013	3,170,441	4,164,295	4,566,780
	2014	3,293,484	4,161,070	4,800,453
Actual Contributions	2012	2,754,797	4,038,031	4,470,608
	2013	3,967,473	4,288,000	4,588,000
	2014	3,293,484	4,330,880	4,701,000
Percentage of APC Contributed	2012	77.27%	93.62%	98.27%
	2013	125.14%	102.97%	100.46%
	2014	100.00%	104.08%	97.93%
Net Pension Obligation/ (Asset)	2012	797,032	1,616,799	(1,280,898)
	2013	-	1,493,094	(1,302,118)
	2014	-	1,323,284	(1,202,665)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	IMRF	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2013	4/30/2014	4/30/2014
Percent Funded	73.92%	72.75%	64.57%
Actuarial Accrued Liability for Benefits	\$73,416,479	\$136,588,346	\$129,940,881
Actuarial Value of Assets	\$54,268,943	\$99,369,289	\$83,899,835
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$19,147,536)	(\$37,219,057)	(\$46,041,046)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$23,242,652	\$9,938,967	\$10,022,659
Ratio of UAAL to Covered Payroll	82.38%	374.48%	459.37%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit 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.

The Village provides pre and post Medicare post-employment health insurance to retirees, their spouses and dependents who were enrolled in one of the Village’s healthcare plans at the time of the employees’ retirement. To be eligible for benefits, the employee must qualify for retirement under one of the Village’s three retirement plans.

All health care benefits are provided through the Village’s health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village’s plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2014, retirees contributed \$1,677,366.

At April 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	218
Active Employees	<u>468</u>
Total	<u>686</u>
Participating Employers	1

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2014, was calculated as follows:

Annual Required Contribution	\$ 813,091
Interest on the NOPEBO	171,621
Adjustment to the ARC	<u>(126,628)</u>
Annual OPEB Cost	858,084
Actual Contribution	<u>562,603</u>
Change in NPOEBO	295,481
NOPEBO - Beginning	<u>3,801,501</u>
NOPEBO - Ending	<u><u>\$ 4,096,982</u></u>

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 848,391	\$ 637,736	75.17%	\$ 3,603,662
2013	841,359	643,520	76.49%	3,801,501
2014	858,084	562,603	65.57%	4,096,982

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2014 was as follows:

Actuarial Accrued Liability (AAL)	\$ 15,436,458
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 15,436,458
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 39,834,803
UAAL as a Percentage of Covered Payroll	38.75%

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 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 the financial statements, presents multiyear 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, 2014 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate or return and an initial healthcare trend rate of 7.0% with an ultimate healthcare inflation rate of 5.0%, a 3.0% price inflation assumption, and a 4.0% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advanced 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, 2014, was 30 years.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements the Library are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

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. In accordance with GASB Statement No. 61, the Library is reported as a discretely presented component unit of the Village. Complete financial statements for the Library can be obtained from the Library's offices at 500 North Dunton Street, Arlington Heights, Illinois 60004.

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide Statement of Activities reports both the gross and net cost of the Library's functions. The Library's activities are supported by taxes and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

A fund is a separate accounting entity with a self-balancing set of accounts. The Library only maintains governmental funds. Separate financial statements are provided for the General Fund, the Library's only major fund. The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

The Library’s funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Library recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for construction loan/line of credit principal and interest which are recognized when due.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, 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 purchase.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Capital Assets

Capital assets purchases or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs. Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building and Improvements	40 Years
Equipment, Furniture and Fixtures	5 – 10 Years

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

Vested or accumulated vacation leave related to employees that have terminated or retired by year end but have not been paid out and expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability in the General Fund. Vested or accumulated vacation leave in the government-wide financial statements is recorded as an expense and liability as the benefits accrue to employees.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

**REQUIRED
SUPPLEMENTARY
INFORMATION**

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefits Plan
 - Arlington Heights Memorial Library – Other Post-Employment Benefits Plan

- Budgetary Comparison Schedule
 - General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 45,813,365	\$ 69,004,236	66.39%	\$ 23,190,871	\$ 24,048,850	96.43%
2009	49,309,278	71,648,428	68.82%	22,339,150	24,788,996	90.12%
2010	50,606,529	72,376,162	69.92%	21,769,633	22,717,051	95.83%
2011	49,241,073	72,973,641	67.48%	23,732,568	22,580,121	105.10%
2012	49,110,516	71,966,783	68.24%	22,856,267	22,540,828	101.40%
2013	54,268,943	73,416,479	73.92%	19,147,536	23,242,652	82.38%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 2,980,959	\$ 2,981,957	100.03%
2010	2,698,054	2,698,054	100.00%
2011	2,542,838	2,542,838	100.00%
2012	2,754,797	3,551,829	77.56%
2013	3,967,566	3,170,441	125.14%
2014	3,293,484	3,293,484	100.00%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
Apr. 30						
2009	\$ 74,802,592	\$ 92,005,341	81.30%	\$ 17,202,749	\$ 9,436,305	182.30%
2010	75,274,881	102,820,670	73.21%	27,545,789	9,515,150	289.49%
2011	78,078,416	114,638,854	68.11%	36,560,438	9,828,699	371.98%
2012	85,172,648	119,865,229	71.06%	34,692,581	9,542,237	363.57%
2013	91,978,618	127,382,890	72.21%	35,404,272	10,067,341	351.67%
2014	99,369,289	136,588,346	72.75%	37,219,057	9,938,967	374.48%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 2,307,800	\$ 2,235,266	103.24%
2010	2,442,000	2,875,430	84.93%
2011	3,378,900	3,679,006	91.84%
2012	4,038,031	4,288,185	94.17%
2013	4,288,000	4,136,305	103.67%
2014	4,330,880	4,222,683	102.56%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ 58,792,172	\$ 86,426,401	68.03%	\$ 27,634,229	\$ 8,891,600	310.79%
2010	60,749,266	95,558,209	63.57%	34,808,943	8,139,243	427.67%
2011	64,457,391	108,856,813	59.21%	44,399,422	8,989,722	493.89%
2012	71,120,366	113,820,619	62.48%	42,700,253	9,356,784	456.36%
2013	77,098,807	121,153,064	63.64%	44,054,257	9,774,546	450.70%
2014	83,899,835	129,940,881	64.57%	46,041,046	10,022,659	459.37%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 3,109,350	\$ 3,098,424	100.35%
2010	3,244,000	3,554,720	91.26%
2011	3,948,000	4,175,702	94.55%
2012	4,470,608	4,574,540	97.73%
2013	4,566,780	4,588,979	99.52%
2014	4,701,000	4,771,232	98.53%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Other Post-Employment Benefits Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ -	\$ 20,783,027	0.00%	\$ 20,783,027	\$ 39,349,404	52.82%
2010	-	13,623,926	0.00%	13,623,926	39,965,963	34.09%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	14,542,721	0.00%	14,542,721	39,685,600	36.64%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	13,892,812	0.00%	13,892,812	39,834,803	34.88%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2009	\$ 187,921	\$ 1,757,652	10.69%
2010	204,833	1,767,035	11.59%
2011	585,079	819,305	71.41%
2012	637,736	848,391	75.17%
2013	643,520	810,468	79.40%
2014	562,603	813,091	69.19%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009 and had subsequent actuarial valuations performed for the fiscal years ended April 30, 2010, April 30, 2012 and April 30, 2014. The Village is required to have the actuarial valuation performed biannually.

N/A - Not Available

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
ARLINGTON HEIGHTS MEMORIAL LIBRARY

Other Post-Employment Benefits Plan

Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ -	\$ 2,386,457	0.00%	\$ 2,386,457	\$ 6,288,263	37.95%
2010	-	1,564,397	0.00%	1,564,397	4,556,987	34.33%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	1,669,900	0.00%	1,669,900	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	1,543,646	0.00%	1,543,646	6,505,722	23.73%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2009	\$ 21,578	\$ 201,826	10.69%
2010	23,520	201,826	11.65%
2011	67,183	94,079	71.41%
2012	73,299	94,079	77.91%
2013	73,894	96,611	76.49%
2014	62,579	90,441	69.19%

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009 and had subsequent actuarial valuations performed for the fiscal years ended April 30, 2010, April 30, 2012 and April 30, 2014. The amounts above are allocated based on the Library's portion of the total Village net other post-employment benefits obligation.

N/A - Not Available

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes	\$ 38,007,700	\$ 38,007,700	\$ 38,011,612	\$ 37,168,249
Licenses, Permits and Fees	5,395,100	5,395,100	5,989,935	6,159,532
Intergovernmental	18,863,900	18,863,900	20,758,609	18,930,708
Charges for Services	4,221,500	4,221,500	4,204,321	4,453,594
Fines and Forfeitures	625,200	625,200	666,060	669,732
Interest	68,000	68,000	92,574	92,514
Miscellaneous	444,000	444,000	899,778	760,539
Total Revenues	67,625,400	67,625,400	70,622,889	68,234,868
Expenditures				
General Government	4,764,800	4,616,385	4,277,526	4,698,107
Public Safety	43,464,000	43,542,878	42,845,346	41,358,380
Highway and Streets	11,524,200	11,732,765	11,229,389	9,936,239
Community Development	5,371,800	5,413,934	5,104,861	4,858,768
Health and Welfare	2,086,300	2,089,300	1,937,986	1,873,658
Total Expenditures	67,211,100	67,395,262	65,395,108	62,725,152
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	414,300	230,138	5,227,781	5,509,716
Other Financing (Uses)				
Transfers Out	(360,000)	(4,760,000)	(4,400,000)	(5,371,900)
Net Change in Fund Balance				
	<u>\$ 54,300</u>	<u>\$ (4,529,862)</u>	827,781	137,816
Fund Balance - Beginning				
			<u>23,181,423</u>	<u>23,043,607</u>
Fund Balance - Ending				
			<u>\$ 24,009,204</u>	<u>\$ 23,181,423</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

These financial statements and schedules are not required by the Governmental Accounting Standards Board (GASB), nor a part of the basic financial statements, but are presented for the purpose of additional analysis.

GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is a major governmental fund used to account for all financial resources of the general government, except those required to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used 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, 2014

(with Comparative Actuals for 2013)

	2014	2013
ASSETS		
Cash and Investments	\$ 25,154,347	\$ 23,527,930
Receivables - Net of Allowances		
Property Taxes	10,775,176	10,254,263
Other Taxes	6,457,159	5,993,888
Accrued Interest	21,547	8,727
Other	1,095,091	1,204,073
Due from Other Funds	4,786,129	4,686,258
Prepays/Inventories	317,836	208,379
	<hr/>	<hr/>
Total Assets	<u>\$ 48,607,285</u>	<u>\$ 45,883,518</u>
LIABILITIES		
Accounts Payable	\$ 1,982,245	\$ 749,002
Accrued Payroll	703,748	652,390
Due to Other Governments	-	335,022
Other Payables	6,186	4,000
Total Liabilities	<hr/> 2,692,179	<hr/> 1,740,414
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	21,905,902	20,961,681
Total Liabilities and Deferred Inflows of Resources	<hr/> 24,598,081	<hr/> 22,702,095
FUND BALANCES		
Nonspendable	317,836	208,379
Assigned	749,295	592,930
Unassigned	22,942,073	22,380,114
Total Fund Balances	<hr/> 24,009,204	<hr/> 23,181,423
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,607,285</u>	<u>\$ 45,883,518</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Taxes				
Property	\$ 20,696,700	\$ 20,696,700	\$ 20,522,568	\$ 19,962,078
Other				
Food and Beverage Tax	1,840,000	1,840,000	1,881,211	1,843,377
Hotel/Motel Tax	940,000	940,000	968,827	959,547
Telecommunications Tax	3,750,000	3,750,000	3,244,472	3,606,605
Home Rule Sales Tax	5,129,000	5,129,000	5,276,167	4,935,567
Natural Gas Utility Tax	1,945,000	1,945,000	2,514,871	2,150,226
Electric Utility Tax	3,400,000	3,400,000	3,290,356	3,418,484
Other Tax	307,000	307,000	313,140	292,365
Total Taxes	38,007,700	38,007,700	38,011,612	37,168,249
Licenses, Permits and Fees				
Vehicle License	1,300,000	1,300,000	1,275,781	1,307,985
Liquor Licenses	425,000	425,000	452,972	387,732
Business Licenses	700,000	700,000	691,545	686,330
Dog Licenses	68,000	68,000	66,261	67,105
Public Chauffeur Licenses	5,000	5,000	3,710	4,235
Multi-Dwelling Licenses	68,000	68,000	74,576	90,154
Building Permits	750,000	750,000	1,089,401	1,461,806
Electrical Permits	90,000	90,000	113,774	92,620
Plumbing Permits	75,000	75,000	71,745	81,015
Sign Permits	8,000	8,000	17,605	13,120
Elevator Permits	50,000	50,000	79,670	47,513
Occupancy Permits	25,000	25,000	46,540	20,050
Driveway Permits	5,000	5,000	1,575	1,392
Air Conditioner Permits	10,000	10,000	11,486	12,038
Swimming Pool Permits	1,500	1,500	1,473	2,652
Chimney Permits	2,000	2,000	1,920	1,738
Wrecking and Other Permits	8,000	8,000	10,221	12,435
Planning Commission Hearings Fees	15,000	15,000	21,300	17,410
Reinspection Fees	1,000	1,000	332	-
Rezoning Fees	5,000	5,000	9,530	8,530
Plan Exam Fees	50,000	50,000	71,655	65,175
Fire Plan Examination Fees	38,000	38,000	62,624	56,710
Police Counselor Fees	300,000	300,000	319,179	267,684
Police Records Fees	10,000	10,000	8,517	10,121
Haz-Mat Inspection/Review Fees	-	-	22	115

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
 For the Fiscal Year Ended April 30, 2014
 (with Comparative Actuals for 2013)

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Licenses, Permits and Fees - Continued				
Weed Cutting Fees	\$ 10,000	\$ 10,000	\$ 12,141	\$ 12,643
Lien Recording Fees	500	500	100	-
Animal Detention Fees	1,000	1,000	719	420
Cable Franchise Fees	1,288,000	1,288,000	1,375,624	1,331,841
False Alarm Fees	60,000	60,000	43,100	58,150
Photocopy Fees	1,100	1,100	26	215
Other Fees	25,000	25,000	54,811	40,598
Total Licenses, Permits and Fees	5,395,100	5,395,100	5,989,935	6,159,532
Intergovernmental				
Municipal Sales Tax	10,574,000	10,574,000	11,488,156	10,333,345
State Use Tax	1,180,000	1,180,000	1,340,067	1,190,737
Replacement Taxes	400,000	400,000	466,766	415,244
Shared Income Tax	6,550,000	6,550,000	7,318,303	6,768,141
Grant - Counselor in the Park	23,000	23,000	23,000	23,000
Grant - Too Good for Drugs Contributions	-	-	-	928
Grant - Training	10,000	10,000	16,320	13,716
Grant - Task Force	-	-	28,138	45,621
Grant - Other	126,900	126,900	77,859	139,976
Total Intergovernmental	18,863,900	18,863,900	20,758,609	18,930,708
Charges for Services				
Escrow Deposits	2,500	2,500	2,436	2,502
Guaranteed Bonds	1,500	1,500	1,103	1,686
Parking	322,900	322,900	322,900	345,700
Water	1,437,900	1,437,900	1,437,900	1,396,000
TIF	115,000	115,000	115,000	115,000
SWANCC	200,000	200,000	200,000	191,666
Engineering Service Charges	100,000	100,000	95,035	355,495
Ambulance Service Charges	1,675,000	1,675,000	1,610,563	1,701,230
Special Police Detail	190,000	190,000	222,039	214,435
Special Fire Detail	60,000	60,000	51,312	24,494
Special PW Detail	6,500	6,500	17,136	-
Chemical User Fees	10,000	10,000	11,570	11,410
DUI Administration Charges	97,000	97,000	110,000	88,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Charges for Services - Continued				
Sales - Plans and Specs	\$ 1,000	\$ 1,000	\$ 3,150	\$ 2,635
Sales - Printed Materials	100	100	29	-
Sales - Scrap	2,000	2,000	4,148	1,337
Sales - Signs	100	100	-	2,004
Total Charges for Services	4,221,500	4,221,500	4,204,321	4,453,594
Fines and Forfeitures				
Fines - Traffic Court	250,000	250,000	245,397	256,086
Fines - Untagged Dog	100	100	75	75
Fines - Parking	250,000	250,000	291,687	274,038
Fines - Compliance Ticket	20,000	20,000	7,810	13,992
Fines - Ordinance Ticket	90,000	90,000	99,331	99,301
Fines - Crime Prevention	100	100	2,375	400
Fines - Other	15,000	15,000	19,385	25,840
Total Fines and Forfeitures	625,200	625,200	666,060	669,732
Interest				
Investment Income	68,000	68,000	92,574	92,514
Miscellaneous				
Damage Claims	28,100	28,100	53,318	33,161
NWCDC Building Rent	-	-	-	271,863
Rents and Concessions	87,000	87,000	100,566	103,459
Train Station Rents	12,000	12,000	10,200	9,820
Traffic Signal Control Maintenance	12,000	12,000	11,598	12,356
Senior Center Receipts	2,000	2,000	5,952	1,796
Wellness Program	46,000	46,000	19,610	33,371
Disabled Citizen Donations	100	100	705	464
Arlington Heights Emergency Assistance	10,000	10,000	21,957	21,384
NWCH in Lieu of Property Taxes	176,800	176,800	176,775	168,358
Bad Debt Recovery	10,000	10,000	14,435	18,700
Other Income	60,000	60,000	484,662	85,807
Total Miscellaneous	444,000	444,000	899,778	760,539
Total Revenues	\$ 67,625,400	\$ 67,625,400	\$ 70,622,889	\$ 68,234,868

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
General Government				
Board of Trustees	\$ 176,000	176,000	152,910	161,622
Village Manager	941,600	945,469	931,545	901,490
Human Resources	487,400	503,475	506,487	439,918
Legal Services	770,800	770,800	791,664	703,566
Finance	1,513,600	1,533,475	1,428,349	1,441,910
Boards and Commissions	175,400	183,985	134,951	121,835
Other	700,000	503,181	331,620	927,766
Total General Government	4,764,800	4,616,385	4,277,526	4,698,107
Public Safety				
Police	23,457,200	23,483,382	22,886,862	22,239,443
Fire	20,006,800	20,059,496	19,958,484	19,118,937
Total Public Safety	43,464,000	43,542,878	42,845,346	41,358,380
Highways and Streets				
Public Works	11,524,200	11,732,765	11,229,389	9,936,239
Community Development				
Planning and Community Development	1,597,100	1,627,593	1,450,524	1,327,301
Building Services	2,161,200	2,168,241	2,116,497	2,025,075
Engineering	1,613,500	1,618,100	1,537,840	1,506,392
Total Community Development	5,371,800	5,413,934	5,104,861	4,858,768
Health and Welfare				
Senior Services	473,300	476,300	432,322	423,178
Health Services	1,613,000	1,613,000	1,505,664	1,450,480
Total Health and Welfare	2,086,300	2,089,300	1,937,986	1,873,658
Total Expenditures	\$ 67,211,100	\$ 67,395,262	\$ 65,395,108	\$ 62,725,152

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
General Government				
Board of Trustees				
Salaries	\$ 30,900	\$ 30,900	\$ 30,666	\$ 22,400
Fringe Benefits	6,900	6,900	5,221	4,078
Contractual Services	135,900	135,900	114,752	133,280
Commodities	2,300	2,300	2,271	1,864
	<u>176,000</u>	<u>176,000</u>	<u>152,910</u>	<u>161,622</u>
Village Manager				
Salaries	631,000	631,000	628,017	609,234
Fringe Benefits	236,100	236,100	233,872	218,530
Contractual Services	65,100	68,969	61,075	68,094
Commodities	9,400	9,400	8,581	5,632
	<u>941,600</u>	<u>945,469</u>	<u>931,545</u>	<u>901,490</u>
Human Resources				
Salaries	186,300	186,300	189,307	179,455
Fringe Benefits	236,000	236,000	236,155	201,161
Contractual Services	43,600	59,675	61,452	41,784
Commodities	2,500	2,500	2,511	2,248
Other Charges	19,000	19,000	17,062	15,270
	<u>487,400</u>	<u>503,475</u>	<u>506,487</u>	<u>439,918</u>
Legal Services				
Salaries	315,200	315,200	319,209	302,751
Fringe Benefits	127,000	127,000	125,808	98,077
Contractual Services	273,300	273,300	291,715	249,410
Commodities	10,300	10,300	8,657	9,595
Other Charges	45,000	45,000	46,275	43,733
	<u>770,800</u>	<u>770,800</u>	<u>791,664</u>	<u>703,566</u>
Finance				
Salaries	831,700	831,700	766,911	823,559
Fringe Benefits	328,300	328,300	309,102	285,379
Contractual Services	325,500	345,375	323,561	305,637
Commodities	28,100	28,100	28,775	27,335
	<u>1,513,600</u>	<u>1,533,475</u>	<u>1,428,349</u>	<u>1,441,910</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
General Government - Continued				
Boards and Commissions				
Salaries	\$ 10,100	\$ 10,100	\$ 3,297	\$ 5,430
Fringe Benefits	1,300	1,300	73,657	416
Contractual Services	115,300	116,800	20,539	85,827
Commodities	3,900	3,900	1,681	702
Other Charges	44,800	51,885	35,777	29,460
	<u>175,400</u>	<u>183,985</u>	<u>134,951</u>	<u>121,835</u>
Other				
Contingency	300,000	103,181	-	-
Other Charges	400,000	400,000	331,620	284,011
IMRF NPO Payoff	-	-	-	643,755
	<u>700,000</u>	<u>503,181</u>	<u>331,620</u>	<u>927,766</u>
Total General Government	<u>4,764,800</u>	<u>4,616,385</u>	<u>4,277,526</u>	<u>4,698,107</u>
Public Safety				
Police				
Salaries	13,074,100	13,074,100	12,700,195	12,314,332
Salaries - Police Grant	76,900	76,900	31,849	78,930
Fringe Benefits	7,476,700	7,476,700	7,434,031	7,179,825
Fringe Benefits - Police Grant	-	-	-	23,229
Contractual Services	2,275,300	2,275,300	2,225,971	2,124,285
Commodities	554,200	580,382	494,816	518,842
	<u>23,457,200</u>	<u>23,483,382</u>	<u>22,886,862</u>	<u>22,239,443</u>
Fire				
Salaries	10,808,500	10,799,500	10,875,675	10,432,248
Fringe Benefits	7,219,500	7,219,500	7,216,551	6,956,169
Contractual Services	1,569,400	1,569,400	1,532,359	1,413,705
Commodities	409,400	471,096	333,899	316,815
	<u>20,006,800</u>	<u>20,059,496</u>	<u>19,958,484</u>	<u>19,118,937</u>
Total Public Safety	<u>43,464,000</u>	<u>43,542,878</u>	<u>42,845,346</u>	<u>41,358,380</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Highways and Streets				
Public Works				
Salaries	\$ 3,856,000	\$ 4,006,000	\$ 3,889,162	\$ 3,394,042
Fringe Benefits	1,886,200	1,886,200	1,847,223	1,695,698
Contractual Services	4,266,500	4,300,861	4,051,556	3,190,104
Commodities	1,515,500	1,539,704	1,441,448	1,656,395
Total Highways and Streets	11,524,200	11,732,765	11,229,389	9,936,239
Community Development				
Planning and Community Development				
Salaries	872,200	872,200	818,751	835,991
Fringe Benefits	370,000	370,000	351,709	320,030
Contractual Services	137,000	142,593	126,468	98,918
Commodities	47,900	47,900	11,154	13,650
Other Charges	170,000	194,900	142,442	58,712
	1,597,100	1,627,593	1,450,524	1,327,301
Building Services				
Salaries	1,387,100	1,387,100	1,370,865	1,321,566
Fringe Benefits	522,800	522,800	512,734	476,368
Contractual Services	226,300	233,341	214,357	205,167
Commodities	25,000	25,000	18,541	21,974
	2,161,200	2,168,241	2,116,497	2,025,075
Engineering				
Salaries	983,000	983,000	977,624	916,765
Fringe Benefits	404,000	404,000	397,918	365,859
Contractual Services	204,000	208,600	147,974	205,639
Commodities	22,500	22,500	14,324	18,129
	1,613,500	1,618,100	1,537,840	1,506,392
Total Community Development	5,371,800	5,413,934	5,104,861	4,858,768

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Health and Welfare				
Senior Services				
Salaries	\$ 283,700	\$ 283,700	\$ 267,867	\$ 262,676
Fringe Benefits	77,600	77,600	71,650	68,174
Contractual Services	89,800	89,800	76,554	72,452
Commodities	17,200	20,200	16,251	16,639
Other Charges	5,000	5,000	-	3,237
	<u>473,300</u>	<u>476,300</u>	<u>432,322</u>	<u>423,178</u>
Health Services				
Salaries	890,800	890,800	888,621	871,960
Fringe Benefits	374,400	374,400	367,630	324,554
Contractual Services	191,700	191,700	137,299	206,954
Commodities	58,000	58,000	37,950	47,012
Other Charges	98,100	98,100	74,164	-
	<u>1,613,000</u>	<u>1,613,000</u>	<u>1,505,664</u>	<u>1,450,480</u>
Total Health and Welfare	<u>2,086,300</u>	<u>2,089,300</u>	<u>1,937,986</u>	<u>1,873,658</u>
Total Expenditures	<u>\$ 67,211,100</u>	<u>\$ 67,395,262</u>	<u>\$ 65,395,108</u>	<u>\$ 62,725,152</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes				
Property - Levy	\$ 6,651,625	\$ 6,651,625	\$ 6,593,147	\$ 6,484,404
Interest	24,000	24,000	16,361	17,356
Miscellaneous	278,800	278,800	278,788	-
Total Revenues	<u>6,954,425</u>	<u>6,954,425</u>	<u>6,888,296</u>	<u>6,501,760</u>
Expenditures				
Debt Service				
Principal Retirement	6,160,000	6,160,000	6,160,000	5,835,000
Interest and Fiscal Charges	1,580,500	1,787,729	1,624,978	1,739,404
Total Expenditures	<u>7,740,500</u>	<u>7,947,729</u>	<u>7,784,978</u>	<u>7,574,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(786,075)</u>	<u>(993,304)</u>	<u>(896,682)</u>	<u>(1,072,644)</u>
Other Financing Sources (Uses)				
Debt Issuance	-	-	7,755,000	-
Premium on Debt Issuance	-	-	862,170	-
Payment to Escrow Agent	-	(8,568,476)	(8,568,476)	-
Transfers In	805,188	805,188	805,188	1,035,500
	<u>805,188</u>	<u>(7,763,288)</u>	<u>853,882</u>	<u>1,035,500</u>
Net Change in Fund Balance	<u>\$ 19,113</u>	<u>\$ (8,756,592)</u>	<u>(42,800)</u>	<u>(37,144)</u>
Fund Balance - Beginning			<u>1,724,730</u>	<u>1,761,874</u>
Fund Balance - Ending			<u>\$ 1,681,930</u>	<u>\$ 1,724,730</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes				
Property	\$ 2,700,000	\$ 2,700,000	\$ 2,676,248	\$ 2,604,842
Home Rule Sales Tax	1,727,100	1,727,100	1,757,391	1,646,642
Intergovernmental				
Grants	1,188,000	1,188,000	1,228,000	690,039
Interest	25,000	25,000	21,650	26,010
Miscellaneous	31,000	31,000	201,530	26,741
Total Revenues	<u>5,671,100</u>	<u>5,671,100</u>	<u>5,884,819</u>	<u>4,994,274</u>
Expenditures				
Capital Outlay				
Contractual Services	200,000	104,137	18,295	103,222
Equipment	606,100	784,467	600,181	668,230
Construction	7,001,000	8,193,602	6,793,601	5,057,497
Total Expenditures	<u>7,807,100</u>	<u>9,082,206</u>	<u>7,412,077</u>	<u>5,828,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,136,000)</u>	<u>(3,411,106)</u>	<u>(1,527,258)</u>	<u>(834,675)</u>
Other Financing Sources (Uses)				
Transfers In	-	600,000	600,000	-
Transfers Out	-	(397,510)	-	1,032,891
	<u>-</u>	<u>202,490</u>	<u>600,000</u>	<u>1,032,891</u>
Net Change in Fund Balance	<u>\$ (2,136,000)</u>	<u>\$ (3,208,616)</u>	(927,258)	198,216
Fund Balance - Beginning			<u>6,727,189</u>	<u>6,528,973</u>
Fund Balance - Ending			<u>\$ 5,799,931</u>	<u>\$ 6,727,189</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund: The Motor Fuel Tax Fund is used 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: The Community Development Block Grant Fund is used 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 decent housing and a suitable living environment. The beneficiaries of CDBG must be individuals with low and/or moderate incomes.

Foreign Fire Insurance Fund: The Foreign Fire Insurance Fund is used to account for the 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: The Criminal Investigations Fund is used to account for the revenues awarded by criminal courts and expenditures for police investigations.

Municipal Parking Operations Fund: The Municipal Parking Operations Fund is used to account for the revenues and expenditures associated with the Village's parking system.

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

NONMAJOR GOVERNMENTAL FUNDS – CONTINUED

SPECIAL REVENUE FUNDS – CONTINUED

TIF II North Fund: The TIF II North Fund is used to account for the 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: The TIF III Fund is used to account for the 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: The TIF IV Fund is used to account for the 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: The TIF V Fund is used to account for the revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Financing District Number V on the southeast corner of Arlington Heights Road and Palatine Road.

CAPITAL PROJECTS FUNDS

Flood Control Phase V Fund: The Flood Control Phase V Fund is used 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: The Public Building Fund is used to account for the costs of planning, development and construction of a new Village hall. Financing is provided by the \$20,000,000 General Obligation Bonds, Series 2006.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
April 30, 2014**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 13,042,320	\$ 9,176,287	\$ 22,218,607
Receivables - Net of Allowances			
Property Taxes	590,527	-	590,527
Other Taxes	138,452	-	138,452
Accrued Interest	6,449	3,002	9,451
Other	2,343,233	15,000	2,358,233
Prepays	23,322	415,420	438,742
 Total Assets	 <u>\$ 16,144,303</u>	 <u>\$ 9,609,709</u>	 <u>\$ 25,754,012</u>
LIABILITIES			
Accounts Payable	\$ 227,885	\$ 502,322	\$ 730,207
Accrued Payroll	12,632	12,172	24,804
Due to Other Funds	12,177	-	12,177
Due to Other Governments	349,918	-	349,918
Other Payables	3,894,568	-	3,894,568
Total Liabilities	<u>4,497,180</u>	<u>514,494</u>	<u>5,011,674</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,072,000	-	1,072,000
Total Liabilities and Deferred Inflows of Resources	<u>5,569,180</u>	<u>514,494</u>	<u>6,083,674</u>
FUND BALANCES			
Nonspendable	23,322	415,420	438,742
Restricted	6,203,434	3,675,974	9,879,408
Assigned	4,348,367	5,003,821	9,352,188
Total Fund Balances	<u>10,575,123</u>	<u>9,095,215</u>	<u>19,670,338</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 16,144,303</u>	 <u>\$ 9,609,709</u>	 <u>\$ 25,754,012</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2014**

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 845,707	\$ -	\$ 845,707
Intergovernmental	2,788,734	200,000	2,988,734
Charges for Services	1,080,142	-	1,080,142
Fines and Forfeitures	89,136	-	89,136
Interest	38,512	49,589	88,101
Miscellaneous	91,571	6,242	97,813
Total Revenues	4,933,802	255,831	5,189,633
Expenditures			
Public Safety	167,333	-	167,333
Highways and Streets	1,231,301	-	1,231,301
Health and Welfare	-	212,804	212,804
Community Development	277,710	-	277,710
Capital Outlay	3,038,836	1,466,917	4,505,753
Total Expenditures	4,715,180	1,679,721	6,394,901
Excess (Deficiency) of Revenues Over (Under) Expenditures	218,622	(1,423,890)	(1,205,268)
Other Financing Sources (Uses)			
Transfers In	608,500	1,600,000	2,208,500
Transfers Out	(813,688)	-	(813,688)
	(205,188)	1,600,000	1,394,812
Net Change in Fund Balances	13,434	176,110	189,544
Fund Balances - Beginning	10,561,689	8,919,105	19,480,794
Fund Balances - Ending	\$ 10,575,123	\$ 9,095,215	\$ 19,670,338

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2014

	Motor Fuel Tax	Community Development Block Grant	Foreign Fire Insurance	Criminal Investigations
ASSETS				
Cash and Investments	\$ 1,555,637	\$ 1,400	\$ 368,113	\$ 2,014,303
Receivables - Net of Allowances				
Property Taxes	-	-	-	-
Other Taxes	138,452	-	-	-
Accrued Interest	-	-	252	-
Other	-	2,327,856	-	15,377
Prepays	-	-	11,822	11,500
Total Assets	<u>\$ 1,694,089</u>	<u>\$ 2,329,256</u>	<u>\$ 380,187</u>	<u>\$ 2,041,180</u>
LIABILITIES				
Accounts Payable	\$ 143,204	\$ 4,731	\$ 28,537	\$ 1,191
Accrued Payroll	-	-	-	-
Due to Other Funds	-	12,177	-	-
Due to Other Governments	-	-	-	-
Other Payables	-	2,312,348	-	1,552,405
Total Liabilities	<u>143,204</u>	<u>2,329,256</u>	<u>28,537</u>	<u>1,553,596</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>143,204</u>	<u>2,329,256</u>	<u>28,537</u>	<u>1,553,596</u>
FUND BALANCES				
Nonspendable	-	-	11,822	11,500
Restricted	1,550,885	-	339,828	476,084
Assigned	-	-	-	-
Total Fund Balances	<u>1,550,885</u>	<u>-</u>	<u>351,650</u>	<u>487,584</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,694,089</u>	<u>\$ 2,329,256</u>	<u>\$ 380,187</u>	<u>\$ 2,041,180</u>

Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V	Totals
\$ 4,434,413	\$ 490,209	\$ 24,181	\$ 1,298,981	\$ 1,248,516	\$ 1,606,567	\$ 13,042,320
-	-	-	86,283	263,768	240,476	590,527
-	-	-	-	-	-	138,452
3,023	330	-	889	855	1,100	6,449
-	-	-	-	-	-	2,343,233
-	-	-	-	-	-	23,322
<u>\$ 4,437,436</u>	<u>\$ 490,539</u>	<u>\$ 24,181</u>	<u>\$ 1,386,153</u>	<u>\$ 1,513,139</u>	<u>\$ 1,848,143</u>	<u>\$ 16,144,303</u>
\$ 46,622	\$ -	\$ -	\$ 1,200	\$ 1,200	\$ 1,200	\$ 227,885
12,632	-	-	-	-	-	12,632
-	-	-	-	-	-	12,177
-	276,741	15,681	-	-	57,496	349,918
29,815	-	-	-	-	-	3,894,568
<u>89,069</u>	<u>276,741</u>	<u>15,681</u>	<u>1,200</u>	<u>1,200</u>	<u>58,696</u>	<u>4,497,180</u>
-	-	-	272,000	500,000	300,000	1,072,000
<u>89,069</u>	<u>276,741</u>	<u>15,681</u>	<u>273,200</u>	<u>501,200</u>	<u>358,696</u>	<u>5,569,180</u>
-	-	-	-	-	-	23,322
-	213,798	8,500	1,112,953	1,011,939	1,489,447	6,203,434
4,348,367	-	-	-	-	-	4,348,367
<u>4,348,367</u>	<u>213,798</u>	<u>8,500</u>	<u>1,112,953</u>	<u>1,011,939</u>	<u>1,489,447</u>	<u>10,575,123</u>
<u>\$ 4,437,436</u>	<u>\$ 490,539</u>	<u>\$ 24,181</u>	<u>\$ 1,386,153</u>	<u>\$ 1,513,139</u>	<u>\$ 1,848,143</u>	<u>\$ 16,144,303</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2014**

	Motor Fuel Tax	Community Development Block Grant	Foreign Fire Insurance	Criminal Investigations
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,188,218	205,661	146,650	248,205
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest	113	-	1,236	3,776
Miscellaneous	-	90,717	206	648
Total Revenues	2,188,331	296,378	148,092	252,629
Expenditures				
Current				
Public Safety	-	-	91,552	75,781
Highways and Streets	33,696	-	-	-
Community Development	-	146,378	-	-
Capital Outlay	2,512,555	-	-	-
Total Expenditures	2,546,251	146,378	91,552	75,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,920)	150,000	56,540	176,848
Other Financing Sources (Uses)				
Transfers In	600,000	-	-	-
Transfers Out	-	(150,000)	-	-
	600,000	(150,000)	-	-
Net Change in Fund Balances	242,080	-	56,540	176,848
Fund Balances - Beginning	1,308,805	-	295,110	310,736
Fund Balances - Ending	\$ 1,550,885	\$ -	\$ 351,650	\$ 487,584

Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V	Totals
\$ -	\$ -	\$ -	\$ 337,668	\$ 449,906	\$ 58,133	\$ 845,707
-	-	-	-	-	-	2,788,734
1,080,142	-	-	-	-	-	1,080,142
89,136	-	-	-	-	-	89,136
16,332	1,816	-	4,486	4,091	6,662	38,512
-	-	-	-	-	-	91,571
1,185,610	1,816	-	342,154	453,997	64,795	4,933,802
-	-	-	-	-	-	167,333
1,186,327	11,278	-	-	-	-	1,231,301
-	-	-	19,575	55,983	55,774	277,710
51,281	-	-	-	475,000	-	3,038,836
1,237,608	11,278	-	19,575	530,983	55,774	4,715,180
(51,998)	(9,462)	-	322,579	(76,986)	9,021	218,622
-	-	8,500	-	-	-	608,500
-	(8,500)	-	(263,400)	-	(391,788)	(813,688)
-	(8,500)	8,500	(263,400)	-	(391,788)	(205,188)
(51,998)	(17,962)	8,500	59,179	(76,986)	(382,767)	13,434
4,400,365	231,760	-	1,053,774	1,088,925	1,872,214	10,561,689
\$ 4,348,367	\$ 213,798	\$ 8,500	\$ 1,112,953	\$ 1,011,939	\$ 1,489,447	\$ 10,575,123

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Intergovernmental				
Motor Fuel Tax Allotments	\$ 1,809,900	\$ 1,809,900	\$ 1,854,079	\$ 1,788,348
Grant - State	334,100	334,100	334,139	334,139
Interest	100	100	113	700
Total Revenues	<u>2,144,100</u>	<u>2,144,100</u>	<u>2,188,331</u>	<u>2,123,187</u>
Expenditures				
Highway and Streets				
Contractual Services	45,000	53,120	33,696	18,948
Capital Outlay	2,198,800	2,765,311	2,512,555	2,032,758
Total Expenditures	<u>2,243,800</u>	<u>2,818,431</u>	<u>2,546,251</u>	<u>2,051,706</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,700)	(674,331)	(357,920)	71,481
Other Financing Sources				
Transfers In	-	997,510	600,000	-
Net Change in Fund Balance	<u>\$ (99,700)</u>	<u>\$ 323,179</u>	242,080	71,481
Fund Balance - Beginning			<u>1,308,805</u>	<u>1,237,324</u>
Fund Balance - Ending			<u>\$ 1,550,885</u>	<u>\$ 1,308,805</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Community Development Block Grant - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Intergovernmental				
Grant - CDBG	\$ 310,230	\$ 310,230	\$ 205,661	\$ 199,884
Miscellaneous				
Program Income	50,000	50,000	90,717	79,040
Total Revenues	<u>360,230</u>	<u>360,230</u>	<u>296,378</u>	<u>278,924</u>
Expenditures				
Community Development				
Planning and Community Development				
Personal Services	56,000	56,000	56,000	56,045
CDBG Program				
Other Charges	154,230	162,256	90,378	72,879
Total Expenditures	<u>210,230</u>	<u>218,256</u>	<u>146,378</u>	<u>128,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	141,974	150,000	150,000
Other Financing (Uses)				
Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (8,026)</u>	-	-
Fund Balance - Beginning			-	-
Fund Balance - Ending			<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Foreign Fire Insurance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Intergovernmental				
Foreign Fire Insurance Tax	\$ 129,500	\$ 129,500	\$ 146,650	\$ 129,456
Interest	1,000	1,000	1,236	1,467
Miscellaneous	-	-	206	2,000
Total Revenues	130,500	130,500	148,092	132,923
Expenditures				
Public Safety	145,000	180,640	91,552	172,862
Net Change in Fund Balance	<u>\$ (14,500)</u>	<u>\$ (50,140)</u>	56,540	(39,939)
Fund Balance - Beginning			295,110	335,049
Fund Balance - Ending			<u>\$ 351,650</u>	<u>\$ 295,110</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Criminal Investigations - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Intergovernmental	\$ 132,500	\$ 132,500	\$ 248,205	\$ 742,085
Interest	-	-	3,776	8,399
Miscellaneous	-	-	648	-
Total Revenues	132,500	132,500	252,629	750,484
Expenditures				
Public Safety	132,500	146,093	75,781	597,791
Net Change in Fund Balance	\$ -	\$ (13,593)	176,848	152,693
Fund Balance - Beginning			310,736	158,043
Fund Balance - Ending			\$ 487,584	\$ 310,736

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Municipal Parking Operations - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Charges for Services	\$ 991,200	\$ 991,200	\$ 1,080,142	\$ -
Fines and Forfeitures	70,000	70,000	89,136	1,091,199
Interest	16,000	16,000	16,332	17,687
Total Revenues	<u>1,077,200</u>	<u>1,077,200</u>	<u>1,185,610</u>	<u>1,108,886</u>
Expenditures				
Highways and Streets				
Personal Services	459,400	459,400	457,182	443,723
Contractual Services	293,300	293,300	304,207	287,281
Other Charges	322,900	322,900	322,900	345,700
Commodities and Supplies	67,500	71,047	102,038	49,820
Capital Outlay	112,500	118,244	51,281	44,000
Total Expenditures	<u>1,255,600</u>	<u>1,264,891</u>	<u>1,237,608</u>	<u>1,170,524</u>
Net Change in Fund Balance	<u>\$ (178,400)</u>	<u>\$ (187,691)</u>	(51,998)	(61,638)
Fund Balance - Beginning			<u>4,400,365</u>	<u>4,462,003</u>
Fund Balance - Ending			<u>\$ 4,348,367</u>	<u>\$ 4,400,365</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF I South - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Interest	\$ 1,800	\$ 1,800	\$ 1,816	\$ 2,263
Expenditures				
Highways and Streets				
Contractual Services	-	8,653	11,278	-
Other Charges	200	200	-	91
Capital Outlay	-	-	-	27,841
Total Expenditures	200	8,853	11,278	27,932
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,600	(7,053)	(9,462)	(25,669)
Other Financing (Uses)				
Transfers Out	(8,500)	(8,500)	(8,500)	(7,356)
Net Change in Fund Balance	<u>\$ (6,900)</u>	<u>\$ (15,553)</u>	(17,962)	(33,025)
Fund Balance - Beginning			231,760	264,785
Fund Balance - Ending			<u>\$ 213,798</u>	<u>\$ 231,760</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF II North - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Expenditures				
Highways and Streets				
Other Charges	8,500	8,500	-	7,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,500)	(8,500)	-	(7,356)
Other Financing Sources				
Transfers In	8,500	8,500	8,500	7,356
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	8,500	-
Fund Balance - Beginning			-	-
Fund Balance - Ending			<u>\$ 8,500</u>	<u>\$ -</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF III - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 272,100	\$ 272,100	\$ 337,668	\$ 272,106
Interest	4,400	4,400	4,486	4,583
Total Revenues	<u>276,500</u>	<u>276,500</u>	<u>342,154</u>	<u>276,689</u>
Expenditures				
Community Development				
Contractual Services	45,000	48,375	4,575	5,734
Other Expenditures	15,000	15,000	15,000	15,000
Total Expenditures	<u>60,000</u>	<u>63,375</u>	<u>19,575</u>	<u>20,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	216,500	213,125	322,579	255,955
Other Financing (Uses)				
Transfers Out	<u>(263,400)</u>	<u>(263,400)</u>	<u>(263,400)</u>	<u>(261,750)</u>
Net Change in Fund Balance	<u>\$ (46,900)</u>	<u>\$ (50,275)</u>	59,179	(5,795)
Fund Balance - Beginning			<u>1,053,774</u>	<u>1,059,569</u>
Fund Balance - Ending			<u>\$ 1,112,953</u>	<u>\$ 1,053,774</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF IV - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 533,000	\$ 533,000	\$ 449,906	\$ 516,987
Interest	1,000	1,000	4,091	4,760
Total Revenues	<u>534,000</u>	<u>534,000</u>	<u>453,997</u>	<u>521,747</u>
Expenditures				
Community Development				
Contractual Services	60,000	61,498	5,983	18,014
Other Expenditures	50,000	50,000	50,000	51,910
Capital Outlay	<u>1,100,000</u>	<u>1,575,000</u>	<u>475,000</u>	<u>-</u>
Total Expenditures	<u>1,210,000</u>	<u>1,686,498</u>	<u>530,983</u>	<u>69,924</u>
Net Change in Fund Balance	<u>\$ (676,000)</u>	<u>\$ (1,152,498)</u>	(76,986)	451,823
Fund Balance - Beginning			<u>1,088,925</u>	<u>637,102</u>
Fund Balance - Ending			<u>\$ 1,011,939</u>	<u>\$ 1,088,925</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF V - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 318,300	\$ 318,300	\$ 58,133	\$ 315,212
Interest	8,000	8,000	6,662	9,059
Total Revenues	<u>326,300</u>	<u>326,300</u>	<u>64,795</u>	<u>324,271</u>
Expenditures				
Community Development				
Contractual Services	70,000	73,375	5,774	750
Other Expenditures	50,000	50,000	50,000	50,000
Capital Outlay	500,000	500,000	-	6,859
Total Expenditures	<u>620,000</u>	<u>623,375</u>	<u>55,774</u>	<u>57,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(293,700)	(297,075)	9,021	266,662
Other Financing (Uses)				
Transfers Out	<u>(391,788)</u>	<u>(391,788)</u>	<u>(391,788)</u>	<u>(351,850)</u>
Net Change in Fund Balance	<u>\$ (685,488)</u>	<u>\$ (688,863)</u>	(382,767)	(85,188)
Fund Balance - Beginning			<u>1,872,214</u>	<u>1,957,402</u>
Fund Balance - Ending			<u>\$ 1,489,447</u>	<u>\$ 1,872,214</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Balance Sheet

April 30, 2014

	Flood Control Phase V	Public Building	Emerald Ash Borer	Totals
ASSETS				
Cash and Investments	\$ 3,680,283	\$ 1,706,426	\$ 3,789,578	\$ 9,176,287
Receivables - Net of Allowances				
Accrued Interest	1,836	1,166	-	3,002
Other	-	-	15,000	15,000
Prepays	-	-	415,420	415,420
Total Assets	<u>\$ 3,682,119</u>	<u>\$ 1,707,592</u>	<u>\$ 4,219,998</u>	<u>\$ 9,609,709</u>
LIABILITIES				
Accounts Payable	\$ 6,145	\$ -	\$ 496,177	\$ 502,322
Accrued Payroll	-	-	12,172	12,172
Total Liabilities	<u>6,145</u>	<u>-</u>	<u>508,349</u>	<u>514,494</u>
FUND BALANCES				
Nonspendable	-	-	415,420	415,420
Restricted	3,675,974	-	-	3,675,974
Assigned	-	1,707,592	3,296,229	5,003,821
Total Fund Balances	<u>3,675,974</u>	<u>1,707,592</u>	<u>3,711,649</u>	<u>9,095,215</u>
Total Liabilities and Fund Balances	<u>\$ 3,682,119</u>	<u>\$ 1,707,592</u>	<u>\$ 4,219,998</u>	<u>\$ 9,609,709</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Nonmajor Governmental - Capital Projects Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2014**

	Flood Control Phase V	Public Building	Emerald Ash Borer	Totals
Revenues				
Intergovernmental	\$ 200,000	\$ -	\$ -	\$ 200,000
Interest	9,089	40,500	-	49,589
Miscellaneous	-	6,242	-	6,242
Total Revenues	<u>209,089</u>	<u>46,742</u>	<u>-</u>	<u>255,831</u>
Expenditures				
Current				
Health and Welfare	-	-	212,804	212,804
Capital Outlay	450,105	59,319	957,493	1,466,917
Total Expenditures	<u>450,105</u>	<u>59,319</u>	<u>1,170,297</u>	<u>1,679,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(241,016)	(12,577)	(1,170,297)	(1,423,890)
Other Financing Sources				
Transfers In	<u>1,000,000</u>	<u>-</u>	<u>600,000</u>	<u>1,600,000</u>
Net Change in Fund Balances	758,984	(12,577)	(570,297)	176,110
Fund Balances - Beginning	<u>2,916,990</u>	<u>1,720,169</u>	<u>4,281,946</u>	<u>8,919,105</u>
Fund Balances - Ending	<u>\$ 3,675,974</u>	<u>\$ 1,707,592</u>	<u>\$ 3,711,649</u>	<u>\$ 9,095,215</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Flood Control Phase V - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 200,000	\$ 200,000	\$ -
Interest	5,000	-	9,089	9,169
Total Revenues	5,000	200,000	209,089	9,169
Expenditures				
Capital Outlay				
Construction in Progress	890,000	1,483,469	450,105	248,757
Excess (Deficiency) of Revenues Over (Under) Expenditures	(885,000)	(1,283,469)	(241,016)	(239,588)
Other Financing Sources				
Transfers In	-	1,000,000	1,000,000	1,000,000
Net Change in Fund Balance	<u>\$ (885,000)</u>	<u>\$ (283,469)</u>	758,984	760,412
Fund Balance - Beginning			2,916,990	2,156,578
Fund Balance - Ending			<u>\$ 3,675,974</u>	<u>\$ 2,916,990</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Public Building - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 40,500	\$ -
Interest	8,500	8,500	6,242	6,978
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>46,742</u>	<u>6,978</u>
Expenditures				
Capital Outlay				
Contractual Services	-	18,966	-	-
Capital Outlay	270,000	306,326	59,319	24,286
Total Expenditures	<u>270,000</u>	<u>325,292</u>	<u>59,319</u>	<u>24,286</u>
Net Change in Fund Balance	<u>\$ (261,500)</u>	<u>\$ (316,792)</u>	(12,577)	(17,308)
Fund Balance - Beginning			<u>1,720,169</u>	<u>1,737,477</u>
Fund Balance - Ending			<u>\$ 1,707,592</u>	<u>\$ 1,720,169</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Emerald Ash Borer - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ 15,000
Expenditures				
Health and Welfare				
Personal Services	223,700	223,700	171,005	130,739
Contractual Services	118,600	118,600	6,633	1,600
Commodities and Supplies	14,500	14,500	35,166	147,768
Capital Outlay	2,289,300	2,645,420	957,493	145,412
Total Expenditures	2,646,100	3,002,220	1,170,297	425,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,646,100)	(3,002,220)	(1,170,297)	(410,519)
Other Financing Sources				
Transfers In	-	600,000	600,000	2,700,000
Net Change in Fund Balance	<u>\$ (2,646,100)</u>	<u>\$ (2,402,220)</u>	(570,297)	2,289,481
Fund Balance - Beginning			4,281,946	1,992,465
Fund Balance - Ending			<u>\$ 3,711,649</u>	<u>\$ 4,281,946</u>

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Water and Sewer Fund: The Water and Sewer Fund is used 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.

Solid Waste Disposal Fund: The Solid Waste Disposal Fund is used to account for all 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 and Events Fund: The Arts, Entertainment and Events Fund is used to account for costs associated with Village presentations or participation in art, theatrical and new community events.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Statement of Net Position

April 30, 2014

(with Comparative Actuals for 2013)

	2014	2013
ASSETS		
Current Assets		
Cash and Investments	\$ 3,592,496	\$ 3,856,174
Receivables - Net of Allowances		
Accounts - Customer	1,807,333	1,697,018
Accrued Interest	2,449	16,043
Prepays	5,600	-
Inventories	601,837	548,155
Total Current Assets	<u>6,009,715</u>	<u>6,117,390</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable	2,648,950	2,648,950
Depreciable	98,804,479	98,530,229
Accumulated Depreciation	<u>(73,431,705)</u>	<u>(72,017,056)</u>
	28,021,724	29,162,123
Other Assets		
Investment in Joint Venture	<u>14,834,170</u>	<u>14,923,360</u>
Total Noncurrent Assets	<u>42,855,894</u>	<u>44,085,483</u>
Total Assets	<u>48,865,609</u>	<u>50,202,873</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	331,026	351,377
Accrued Payroll	139,420	125,627
Compensated Absences Payable	85,791	63,289
Total Current Liabilities	<u>556,237</u>	<u>540,293</u>
Long-Term Liabilities		
Compensated Absences Payable	343,165	358,640
Net Other Post-Employment Benefit Obligation Payable	174,722	162,282
Total Long-Term Liabilities	<u>517,887</u>	<u>520,922</u>
Total Liabilities	<u>1,074,124</u>	<u>1,061,215</u>
NET POSITION		
Investment in Capital Assets	28,021,724	29,162,123
Unrestricted	<u>19,769,761</u>	<u>19,979,535</u>
Total Net Position	<u>\$ 47,791,485</u>	<u>\$ 49,141,658</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 15,292,100	\$ 15,292,100	\$ 14,152,307	\$ 14,344,566
Miscellaneous	81,000	81,000	79,744	160,341
Total Operating Revenues	<u>15,373,100</u>	<u>15,373,100</u>	<u>14,232,051</u>	<u>14,504,907</u>
Operating Expenses				
Operations				
Personal Services	5,890,600	5,890,600	5,798,219	5,596,128
Contractual Services	2,398,000	2,417,204	2,065,418	1,910,604
Northwest Water Commission	3,630,900	3,630,900	3,471,097	3,463,906
Commodities	940,800	954,810	693,909	791,598
Charges for Services	1,620,800	1,574,292	1,439,246	1,397,204
Capital Outlay	1,224,900	1,324,084	654,589	1,260,633
Depreciation	-	-	1,414,649	1,390,921
Total Operating Expenses	<u>15,706,000</u>	<u>15,791,890</u>	<u>15,537,127</u>	<u>15,810,994</u>
Operating Income (Loss)	<u>(332,900)</u>	<u>(418,790)</u>	<u>(1,305,076)</u>	<u>(1,306,087)</u>
Nonoperating Revenues				
Interest Income	20,000	20,000	10,762	12,455
Other Income	16,000	16,000	(55,859)	88,978
	<u>36,000</u>	<u>36,000</u>	<u>(45,097)</u>	<u>101,433</u>
Income (Loss) Before Transfers	(296,900)	(382,790)	(1,350,173)	(1,204,654)
Transfers Out	<u>(80,000)</u>	<u>(80,000)</u>	-	-
Change in Net Position	<u>\$ (376,900)</u>	<u>\$ (462,790)</u>	(1,350,173)	(1,204,654)
Net Position - Beginning			<u>49,141,658</u>	<u>50,346,312</u>
Net Position - Ending			<u>\$ 47,791,485</u>	<u>\$ 49,141,658</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operations				
Personal Services				
Finance				
Salaries	\$ 553,400	\$ 553,400	\$ 526,029	\$ 514,789
Overtime	500	500	-	-
Workers' Compensation	1,100	1,100	1,100	1,100
Medical Insurance	96,600	96,600	96,600	87,000
IMRF	81,000	81,000	74,131	68,713
FICA	34,300	34,300	31,687	31,038
Medicare	8,000	8,000	7,411	7,259
Water Utility Operations				
Salaries	3,150,400	3,150,400	3,025,672	2,968,691
Overtime	316,200	316,200	323,330	393,280
Workers' Compensation	222,500	222,500	222,500	216,000
Medical Insurance	642,500	642,500	642,500	583,800
IMRF	503,900	503,900	498,270	459,177
FICA	214,900	214,900	213,751	204,851
Medicare	50,300	50,300	50,141	48,357
Compensated Absences	-	-	72,657	12,073
OPEB Liability	15,000	15,000	12,440	-
Total Personal Services	5,890,600	5,890,600	5,798,219	5,596,128
Contractual Services				
Finance				
Professional Services	15,300	15,300	12,915	12,450
Other Services	86,000	86,000	76,212	85,262
Travel and Training	1,000	1,000	-	-
Postage	65,700	65,700	56,635	58,776
Printing	12,000	12,000	10,461	10,939
IT/GIS Service Charge	92,200	92,200	92,200	91,200
Water Utility Operations				
Professional Services	35,000	35,000	30,027	38,165
General Insurance	51,400	51,400	51,400	49,900
Equipment Maintenance	50,000	55,700	42,827	36,242
Radio Maintenance	2,000	2,000	-	-
Building Maintenance	6,000	6,000	2,611	6,624

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operations - Continued				
Contractual Services - Continued				
Water Utility Operations - Continued				
Pumping Station Maintenance	\$ 20,000	\$ 20,000	\$ 8,145	\$ 14,820
Sewer Collection System	15,000	22,004	9,623	5,500
Water Distribution System	315,000	315,000	197,174	33,763
Meter Installation	268,100	268,100	183,299	213,755
Equipment Rental	210,000	211,200	128,701	189,998
Utility Services	320,000	320,000	351,476	335,267
Disposal Services	80,000	80,000	29,559	40,273
Other Services	59,000	64,300	45,991	42,923
Dues	3,500	3,500	6,346	4,333
Travel and Training	18,200	18,200	13,748	11,969
Postage	2,900	2,900	1,907	2,299
Printing	1,800	1,800	1,702	1,120
Annual Consumer Report	14,000	14,000	12,290	13,090
IT/GIS Service Charge	163,100	163,100	163,100	142,800
Claims and Refunds	10,000	10,000	34,278	-
Vehicle/Equipment Lease Charge	425,800	425,800	425,800	405,300
Telephone Services	55,000	55,000	76,991	63,836
Total Contractual Services	2,398,000	2,417,204	2,065,418	1,910,604
Northwest Water Commission	3,630,900	3,630,900	3,471,097	3,463,906
Commodities				
Finance				
Office Supplies and Equipment	4,500	4,500	1,241	2,193
Overhead Sewer Rebate Program	50,000	50,000	50,000	50,000
Water Utility Operations				
Publications and Periodicals	800	800	-	191
Office Supplies and Equipment	5,000	5,000	4,668	3,786
Data System Supplies	3,000	3,000	394	2,397
Clothing	20,500	20,500	18,157	21,346
Petroleum Products	103,800	103,800	84,766	91,508
Water Distribution Supplies	194,000	194,000	128,781	132,985
Meter/Backflow Devices	133,000	133,000	125,493	128,396

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operations - Continued				
Commodities - Continued				
Water Utility Operations - Continued				
Pumping and Storage Supplies	\$ 30,000	\$ 30,000	\$ 9,736	\$ 34,650
Sewer and Collection Supplies	48,000	48,000	28,790	9,603
Agricultural Supplies	13,000	13,000	5,407	13,954
Building Supplies	12,000	12,000	7,713	9,060
Chemicals	13,000	13,000	11,990	7,108
Other Equipment and Supplies	72,700	86,710	55,145	62,658
Small Tools and Equipment	17,500	17,500	16,939	17,988
Street and Sidewalk Supplies	200,000	200,000	115,947	190,743
Other Supplies	20,000	20,000	28,742	13,032
Total Commodities	940,800	954,810	693,909	791,598
Charges for Services				
Water Utility Operations				
Administrative Service Charge	1,437,900	1,437,900	1,437,900	1,396,000
Operating Contingency	182,900	136,392	-	-
Other	-	-	1,346	1,204
Total Charges for Services	1,620,800	1,574,292	1,439,246	1,397,204
Capital Outlay				
Water Utility Operations				
Office Equipment	15,000	15,000	10,740	4,396
Other Equipment	214,900	266,034	87,727	142,238
Building Improvement	20,000	58,550	17,096	11,108
Construction in Progress	975,000	984,500	813,276	1,230,626
Total	1,224,900	1,324,084	928,839	1,388,368
Less Capital Assets Capitalized	-	-	(274,250)	(127,735)
Total Capital Outlay	1,224,900	1,324,084	654,589	1,260,633
Depreciation	-	-	1,414,649	1,390,921
Total Operating Expenses	\$ 15,706,000	\$ 15,791,890	\$ 15,537,127	\$ 15,810,994

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Combining Statement of Net Position - Nonmajor Enterprise Funds
April 30, 2014**

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 2,640,442	\$ 716,432	\$ 3,356,874
Receivables - Net of Allowances			
Accrued Interest	1,808	490	2,298
Other	54,999	87,775	142,774
Prepays	114,062	-	114,062
Total Current Assets	<u>2,811,311</u>	<u>804,697</u>	<u>3,616,008</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	475,200	475,200
Depreciable	-	2,565,746	2,565,746
Accumulated Depreciation	-	(773,968)	(773,968)
Total Noncurrent Assets	<u>-</u>	<u>2,266,978</u>	<u>2,266,978</u>
Total Assets	<u>2,811,311</u>	<u>3,071,675</u>	<u>5,882,986</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	-	91,858	91,858
Other Payables	-	8,000	8,000
Total Liabilities	<u>-</u>	<u>99,858</u>	<u>99,858</u>
NET POSITION			
Investment in Capital Assets	-	2,266,978	2,266,978
Unrestricted	<u>2,811,311</u>	<u>704,839</u>	<u>3,516,150</u>
Total Net Position	<u>\$ 2,811,311</u>	<u>\$ 2,971,817</u>	<u>\$ 5,783,128</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds
For the Fiscal Year Ended April 30, 2014**

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
Operating Revenues			
Charges for Services	\$ 1,575,908	\$ 149,351	\$ 1,725,259
Operating Expenses			
Operations	1,230,310	629,795	1,860,105
Depreciation	-	68,723	68,723
Total Operating Expenses	1,230,310	698,518	1,928,828
Operating Income (Loss)	345,598	(549,167)	(203,569)
Nonoperating Revenues			
Food and Beverage Tax	-	470,918	470,918
Interest Income	8,915	2,466	11,381
	8,915	473,384	482,299
Change in Net Position	354,513	(75,783)	278,730
Net Position - Beginning	2,456,798	3,047,600	5,504,398
Net Position - Ending	\$ 2,811,311	\$ 2,971,817	\$ 5,783,128

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Combining Statement of Cash Flows - Nonmajor Enterprise Funds
For the Fiscal Year Ended April 30, 2014**

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 1,575,908	\$ 149,351	\$ 1,725,259
Payment to Suppliers	(1,240,350)	(520,776)	(1,761,126)
Payment to Employees	-	(106,000)	(106,000)
	<u>335,558</u>	<u>(477,425)</u>	<u>(141,867)</u>
Cash Flow from Noncapital Financing Activities			
Food and Beverage Tax	-	470,918	470,918
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(11,500)	(11,500)
Cash Flows from Investing Activities			
Interest Received	8,915	2,466	11,381
Net Change in Cash and Cash Equivalents	344,473	(15,541)	328,932
Cash and Cash Equivalents - Beginning	2,295,969	731,973	3,027,942
Cash and Cash Equivalents - Ending	<u>\$ 2,640,442</u>	<u>\$ 716,432</u>	<u>\$ 3,356,874</u>
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities.			
Operating Income (Loss)	\$ 345,598	\$ (549,167)	\$ (203,569)
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used in) Operating Activities.			
Depreciation	-	68,723	68,723
(Increase) Decrease in Current Assets	(10,040)	(87,269)	(97,309)
Increase (Decrease) in Current Liabilities	-	90,288	90,288
Net Cash Provided by Operating Activities	<u>\$ 335,558</u>	<u>\$ (477,425)</u>	<u>\$ (141,867)</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Solid Waste Disposal - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,537,700	\$ 1,537,700	\$ 1,575,908	\$ 1,593,605
Operating Expenses				
Operations	1,301,700	1,301,700	1,230,310	1,312,457
Operating Income	236,000	236,000	345,598	281,148
Nonoperating Revenues				
Interest Income	8,000	8,000	8,915	8,413
Change in Net Position	<u>\$ 244,000</u>	<u>\$ 244,000</u>	354,513	289,561
Net Position - Beginning			<u>2,456,798</u>	<u>2,167,237</u>
Net Position - Ending			<u>\$ 2,811,311</u>	<u>\$ 2,456,798</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Arts, Entertainment and Events - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services				
Social Events	\$ 29,000	\$ 29,000	\$ 131,351	\$ 54,364
Building Management Fees	9,000	9,000	18,000	18,000
Total Operating Revenues	<u>38,000</u>	<u>38,000</u>	<u>149,351</u>	<u>72,364</u>
Operating Expenses				
Operations	612,300	623,800	629,795	444,132
Depreciation	-	-	68,723	67,573
Total Operating Expenses	<u>612,300</u>	<u>623,800</u>	<u>698,518</u>	<u>511,705</u>
Operating Income (Loss)	<u>(574,300)</u>	<u>(585,800)</u>	<u>(549,167)</u>	<u>(439,341)</u>
Nonoperating Revenues				
Food and Beverage Tax	457,000	457,000	470,918	460,424
Interest Income	2,000	2,000	2,466	2,494
	<u>459,000</u>	<u>459,000</u>	<u>473,384</u>	<u>462,918</u>
Income (Loss) Before Contributions	(115,300)	(126,800)	(75,783)	23,577
Capital Contributions	<u>125,000</u>	<u>125,000</u>	-	<u>20,247</u>
Change in Net Position	<u>\$ 9,700</u>	<u>\$ (1,800)</u>	(75,783)	43,824
Net Position - Beginning			<u>3,047,600</u>	<u>3,003,776</u>
Net Position - Ending			<u>\$ 2,971,817</u>	<u>\$ 3,047,600</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

Technology Fund: The Technology Fund is used to account for all costs associated with providing technology services to all departments for the operations of the Village.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Combining Statement of Net Position - Internal Service Funds
April 30, 2014**

	Health and Life Insurance	Retiree Health Insurance
ASSETS		
Current Assets		
Cash and Investments	\$ 3,587,932	\$ 328,760
Receivables - Net of Allowances		
Accrued Interest	466	-
Other	-	-
Prepays	-	-
Inventories	-	-
Total Current Assets	<u>3,588,398</u>	<u>328,760</u>
Noncurrent Assets		
Capital Assets		
Depreciable	-	-
Accumulated Depreciation	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>3,588,398</u>	<u>328,760</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	194,072	-
Accrued Payroll	3,462	-
Claims Payable	706,042	328,760
Compensated Absences Payable	1,584	-
Total Current Liabilities	<u>905,160</u>	<u>328,760</u>
Long-Term Liabilities		
Compensated Absences Payable	6,335	-
Net Other Post-Employment Benefit Obligation Payable	13,960	-
Total Long-Term Liabilities	<u>20,295</u>	<u>-</u>
Total Liabilities	<u>925,455</u>	<u>328,760</u>
NET POSITION		
Investment in Capital Assets	-	-
Unrestricted	<u>2,662,943</u>	<u>-</u>
Total Net Position	<u>\$ 2,662,943</u>	<u>\$ -</u>

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 3,787,830	\$ 6,984,776	\$ 5,324,019	\$ 1,651,194	\$ 21,664,511
2,588	4,676	2,544	1,128	11,402
-	-	9,155	-	9,155
-	-	1,229,860	11,200	1,241,060
-	-	73,729	-	73,729
3,790,418	6,989,452	6,639,307	1,663,522	22,999,857
-	-	18,674,792	-	18,674,792
-	-	(11,020,220)	-	(11,020,220)
-	-	7,654,572	-	7,654,572
3,790,418	6,989,452	14,293,879	1,663,522	30,654,429
-	2,761	358,892	29,653	585,378
-	2,595	33,596	20,610	60,263
243,121	2,032,176	-	-	3,310,099
-	2,401	21,256	12,947	38,188
243,121	2,039,933	413,744	63,210	3,993,928
-	9,603	85,025	51,789	152,752
-	6,979	85,745	58,682	165,366
-	16,582	170,770	110,471	318,118
243,121	2,056,515	584,514	173,681	4,312,046
-	-	7,654,572	-	7,654,572
3,547,297	4,932,937	6,054,793	1,489,841	18,687,811
\$ 3,547,297	\$ 4,932,937	\$ 13,709,365	\$ 1,489,841	\$ 26,342,383

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended April 30, 2014

	Health and Life Insurance	Retiree Health Insurance
Operating Revenues		
Charges for Services	\$ 9,269,071	\$ 1,677,366
Fines and Forfeitures	-	-
Miscellaneous	1,727	136,948
Total Operating Revenues	<u>9,270,798</u>	<u>1,814,314</u>
Operating Expenses		
Operations	8,197,230	2,652,804
Depreciation	-	-
Total Operating Expenses	<u>8,197,230</u>	<u>2,652,804</u>
Operating Income (Loss)	<u>1,073,568</u>	<u>(838,490)</u>
Nonoperating Revenues		
Disposal of Capital Assets	-	-
Interest Income	5,990	-
	<u>5,990</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	1,079,558	(838,490)
Capital Contributions	-	-
Transfers In	-	838,490
Transfers Out	<u>(838,490)</u>	<u>-</u>
Change in Net Position	241,068	-
Net Position - Beginning	<u>2,421,875</u>	<u>-</u>
Net Position - Ending	<u>\$ 2,662,943</u>	<u>\$ -</u>

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 674,600	\$ 1,828,400	\$ 2,927,277	\$ 1,516,400	\$ 17,893,114
-	-	29,586	-	29,586
-	132,980	206,330	-	477,985
674,600	1,961,380	3,163,193	1,516,400	18,400,685
1,288,886	1,700,403	2,036,571	1,415,418	17,291,312
-	-	1,015,642	-	1,015,642
1,288,886	1,700,403	3,052,213	1,415,418	18,306,954
(614,286)	260,977	110,980	100,982	93,731
-	-	118,650	-	118,650
14,147	24,106	16,502	6,206	66,951
14,147	24,106	135,152	6,206	185,601
(600,139)	285,083	246,132	107,188	279,332
-	-	73,300	-	73,300
-	-	1,600,000	-	2,438,490
-	-	-	-	(838,490)
(600,139)	285,083	1,919,432	107,188	1,952,632
4,147,436	4,647,854	11,789,933	1,382,653	24,389,751
\$ 3,547,297	\$ 4,932,937	\$ 13,709,365	\$ 1,489,841	\$ 26,342,383

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Combining Statement of Cash Flows - Internal Service Funds
For the Fiscal Year Ended April 30, 2014**

	Health and Life Insurance	Retiree Health Insurance
Cash Flows from Operating Activities		
Interfund Services Provided	\$ 9,281,555	\$ 1,814,314
Payment to Suppliers	(8,125,009)	(2,621,887)
Payment to Employees	(93,161)	-
	<u>1,063,385</u>	<u>(807,573)</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	-	838,490
Transfers Out	(838,490)	-
	<u>(838,490)</u>	<u>838,490</u>
Cash Flows from Capital and Related Financing Activities		
Disposal of Capital Assets	-	-
Purchase of Capital Assets	-	-
	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Received	5,990	-
	<u>5,990</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	230,885	30,917
Cash and Cash Equivalents - Beginning	<u>3,357,047</u>	<u>297,843</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,587,932</u>	<u>\$ 328,760</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 1,073,568	\$ (838,490)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities		
Depreciation	-	-
(Increase) Decrease in Current Assets	10,757	-
Increase (Decrease) in Current Liabilities	(20,940)	30,917
	<u>1,063,385</u>	<u>(807,573)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,063,385</u>	<u>\$ (807,573)</u>
Noncash Capital and Related Financing Activities		
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 674,600	\$ 1,961,380	\$ 3,163,193	\$ 1,516,400	\$ 18,411,442
(1,273,529)	(1,537,240)	(2,135,865)	(910,140)	(16,603,670)
-	(66,233)	(907,930)	(540,873)	(1,608,197)
(598,929)	357,907	119,398	65,387	199,575
-	-	1,600,000	-	2,438,490
-	-	-	-	(838,490)
-	-	1,600,000	-	1,600,000
-	-	148,407	-	148,407
-	-	(2,467,802)	-	(2,467,802)
-	-	(2,319,395)	-	(2,319,395)
14,147	24,106	16,502	6,206	66,951
(584,782)	382,013	(583,495)	71,593	(452,869)
4,372,612	6,602,763	5,907,514	1,579,601	22,117,380
\$ 3,787,830	\$ 6,984,776	\$ 5,324,019	\$ 1,651,194	\$ 21,664,511
\$ (614,286)	\$ 260,977	\$ 110,980	\$ 100,982	\$ 93,731
-	-	1,015,642	-	1,015,642
5,975	(346)	(1,232,337)	(8,486)	(1,224,437)
9,382	97,276	225,113	(27,109)	314,639
\$ (598,929)	\$ 357,907	\$ 119,398	\$ 65,387	\$ 199,575
\$ -	\$ -	\$ 73,300	\$ -	\$ 73,300

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Health and Life Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 8,771,600	\$ 8,771,600	\$ 9,269,071	\$ 8,313,207
Miscellaneous	-	-	1,727	1,908
Total Operating Revenues	<u>8,771,600</u>	<u>8,771,600</u>	<u>9,270,798</u>	<u>8,315,115</u>
Operating Expenses				
Operations				
Personal Services	132,500	132,500	135,431	122,897
Contractual Services	3,768,000	3,768,000	3,670,842	3,376,788
Commodities	500	500	469	500
Insurance Claims	5,824,300	5,824,300	4,390,488	4,158,122
Total Operating Expenses	<u>9,725,300</u>	<u>9,725,300</u>	<u>8,197,230</u>	<u>7,658,307</u>
Operating Income (Loss)	(953,700)	(953,700)	1,073,568	656,808
Nonoperating Revenues				
Interest Income	<u>11,000</u>	<u>11,000</u>	<u>5,990</u>	<u>9,257</u>
Income (Loss) Before Transfers	(942,700)	(942,700)	1,079,558	666,065
Transfers In	440,000	440,000	-	-
Transfers Out	<u>(1,124,200)</u>	<u>(1,124,200)</u>	<u>(838,490)</u>	<u>(1,116,214)</u>
Change in Net Position	<u>\$ (1,626,900)</u>	<u>\$ (1,626,900)</u>	241,068	(450,149)
Net Position - Beginning			<u>2,421,875</u>	<u>2,872,024</u>
Net Position - Ending			<u>\$ 2,662,943</u>	<u>\$ 2,421,875</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Retiree Health Insurance - Internal Service Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2014

(with Comparative Actuals for 2013)

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,500,000	\$ 1,500,000	\$ 1,677,366	\$ 1,494,942
Miscellaneous Income	100,000	100,000	136,948	130,473
Total Operating Revenues	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,814,314</u>	<u>1,625,415</u>
Operating Expenses				
Operations				
Contractual Services	578,600	578,600	563,855	543,075
Insurance Claims	2,145,600	2,145,600	2,088,949	2,198,554
Total Operating Expenses	<u>2,724,200</u>	<u>2,724,200</u>	<u>2,652,804</u>	<u>2,741,629</u>
Income (Loss) Before Transfers	(1,124,200)	(1,124,200)	(838,490)	(1,116,214)
Transfers In	<u>1,124,200</u>	<u>1,124,200</u>	<u>838,490</u>	<u>1,116,214</u>
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	-	-
Net Position - Beginning			<u>-</u>	<u>-</u>
Net Position - Ending			<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Liability Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 674,600	\$ 674,600	\$ 674,600	\$ 654,800
Miscellaneous Income	-	-	-	5,915
Total Operating Revenues	<u>674,600</u>	<u>674,600</u>	<u>674,600</u>	<u>660,715</u>
Operating Expenses				
Operations				
Contractual Services	50,000	50,000	11,816	332,379
Insurance Claims	783,000	1,533,000	1,277,070	205,250
Total Operating Expenses	<u>833,000</u>	<u>1,583,000</u>	<u>1,288,886</u>	<u>537,629</u>
Operating Income (Loss)	(158,400)	(908,400)	(614,286)	123,086
Nonoperating Revenues				
Interest Income	<u>14,000</u>	<u>14,000</u>	<u>14,147</u>	<u>16,570</u>
Change in Net Position	<u>\$ (144,400)</u>	<u>\$ (894,400)</u>	(600,139)	139,656
Net Position - Beginning			<u>4,147,436</u>	<u>4,007,780</u>
Net Position - Ending			<u>\$ 3,547,297</u>	<u>\$ 4,147,436</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Workers' Compensation - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,828,400	\$ 1,828,400	\$ 1,828,400	\$ 1,808,462
Miscellaneous Income	-	-	132,980	16,739
Total Operating Revenues	<u>1,828,400</u>	<u>1,828,400</u>	<u>1,961,380</u>	<u>1,825,201</u>
Operating Expenses				
Operations				
Personal Services	155,800	155,800	108,170	114,926
Contractual Services	352,700	352,700	308,996	265,235
Commodities	2,300	2,300	873	1,419
Insurance Claims	1,170,000	1,170,000	1,282,364	1,768,640
Total Operating Expenses	<u>1,680,800</u>	<u>1,680,800</u>	<u>1,700,403</u>	<u>2,150,220</u>
Operating Income (Loss)	147,600	147,600	260,977	(325,019)
Nonoperating Revenues				
Interest Income	<u>20,000</u>	<u>20,000</u>	<u>24,106</u>	<u>24,451</u>
Change in Net Position	<u>\$ 167,600</u>	<u>\$ 167,600</u>	285,083	(300,568)
Net Position - Beginning			<u>4,647,854</u>	<u>4,948,422</u>
Net Position - Ending			<u>\$ 4,932,937</u>	<u>\$ 4,647,854</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fleet Operations - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 2,945,400	\$ 2,945,400	\$ 2,927,277	\$ 2,802,324
Fines and Forfeitures	30,000	30,000	29,586	23,469
Miscellaneous Income	200,000	200,000	206,330	350,121
Total Operating Revenues	<u>3,175,400</u>	<u>3,175,400</u>	<u>3,163,193</u>	<u>3,175,914</u>
Operating Expenses				
Operations				
Personal Services	1,383,000	1,383,000	1,350,778	1,280,786
Contractual Services	267,400	267,400	215,152	199,064
Commodities	495,000	495,000	465,503	426,737
Capital Outlay	3,555,800	4,462,663	5,138	-
Depreciation	-	-	1,015,642	943,149
Total Operating Expenses	<u>5,701,200</u>	<u>6,608,063</u>	<u>3,052,213</u>	<u>2,849,736</u>
Operating Income (Loss)	<u>(2,525,800)</u>	<u>(3,432,663)</u>	<u>110,980</u>	<u>326,178</u>
Nonoperating Revenues				
Disposal of Capital Assets	-	-	118,650	(71,476)
Interest Income	18,000	18,000	16,502	20,694
	<u>18,000</u>	<u>18,000</u>	<u>135,152</u>	<u>(50,782)</u>
Income (Loss) Before Contributions and Transfers	<u>(2,507,800)</u>	<u>(3,414,663)</u>	<u>246,132</u>	<u>275,396</u>
Capital Contributions	-	-	73,300	73,305
Transfers In	-	1,600,000	1,600,000	400,000
Change in Net Position	<u>\$ (2,507,800)</u>	<u>\$ (1,814,663)</u>	<u>1,919,432</u>	<u>748,701</u>
Net Position - Beginning			<u>11,789,933</u>	<u>11,041,232</u>
Net Position - Ending			<u>\$ 13,709,365</u>	<u>\$ 11,789,933</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fleet Operations - Internal Service Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Personal Services				
Salaries	\$ 901,700	\$ 901,700	\$ 864,160	\$ 867,926
Overtime	49,400	49,400	43,770	25,846
Workers' Compensation	42,800	42,800	42,800	41,600
Medical Insurance	176,000	176,000	176,000	162,800
IMRF	134,300	134,300	133,404	116,381
Social Security	59,000	59,000	54,940	53,891
Medicare	13,800	13,800	12,849	12,604
Compensated Absences	-	-	16,261	(262)
OPEB Liability	6,000	6,000	6,594	-
Total Personal Services	1,383,000	1,383,000	1,350,778	1,280,786
Contractual Services				
Equipment Maintenance	10,000	10,000	13,588	11,766
Radio Maintenance	500	500	-	-
Vehicle Equipment Maintenance	165,000	165,000	130,165	132,851
Vehicle Damage	25,000	25,000	15,824	12,974
Equipment Rental	2,500	2,500	2,560	2,236
Lease Expense	-	-	-	2,630
Disposal Services	3,000	3,000	492	632
Other Services	200	200	295	24,300
Dues	500	500	798	414
Travel and Training	2,300	2,300	717	2,340
Postage	100	100	173	201
Printing	400	400	54	620
Photocopying	200	200	-	-
IT/GIS Service Charge	24,600	24,600	24,600	-
Vehicle and Equipment Lease Charge	13,100	13,100	13,100	8,100
Wheeling Bus Maintenance	20,000	20,000	12,786	-
Total Contractual Services	267,400	267,400	215,152	199,064
Commodities				
Publications and Periodicals	100	100	-	-
Office Supplies and Equipment	400	400	412	386

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fleet Operations - Internal Service Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Commodities - Continued				
Clothing	\$ 5,000	\$ 5,000	\$ 7,024	\$ 4,679
Petroleum Products	600	600	856	406
Non-Village Fuel Resale	192,900	192,900	164,849	174,520
Vehicle Maintenance Supplies	250,000	250,000	261,219	218,944
Other Equipment and Supplies	11,000	11,000	11,200	10,885
Small Tools and Equipment	3,500	3,500	3,559	3,087
Other Supplies	1,500	1,500	744	392
Operating Contingency	30,000	30,000	15,640	13,438
Total Commodities	495,000	495,000	465,503	426,737
Capital Outlay	3,555,800	4,462,663	2,442,340	1,263,997
Less Nonoperating Items				
Capital Assets Capitalized	-	-	(2,437,202)	(1,263,997)
Total Capital Outlay	3,555,800	4,462,663	5,138	-
Depreciation	-	-	1,015,642	943,149
Total Operating Expenses	\$ 5,701,200	\$ 6,608,063	\$ 3,052,213	\$ 2,849,736

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Technology - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,516,400	\$ 1,516,400	\$ 1,516,400	\$ 1,448,600
Operating Expenses				
Operations				
Personal Services	839,400	839,400	760,338	758,587
Contractual Services	367,400	368,500	354,903	313,511
Commodities	83,800	82,700	66,303	64,002
Capital Outlay	231,800	231,800	233,874	258,764
Total Operating Expenses	1,522,400	1,522,400	1,415,418	1,394,864
Operating Income (Loss)	(6,000)	(6,000)	100,982	53,736
Nonoperating Revenues				
Interest Income	6,000	6,000	6,206	6,053
Change in Net Position	\$ -	\$ -	107,188	59,789
Net Position - Beginning			1,382,653	1,322,864
Net Position - Ending			\$ 1,489,841	\$ 1,382,653

FIDUCIARY FUNDS

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund: The Police Pension Fund is used 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: The Firefighters' Pension Fund is used 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.

AGENCY FUNDS

Guaranty Deposit Fund: The Guaranty Deposit Fund is used 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 Deposit Fund: The Escrow Deposit Fund is used 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 Collections Fund: The Special Assessments Collection Fund is used 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

Pension Trust Funds

**Combining Statement of Net Position
April 30, 2014**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 7,798,601	\$ 5,347,651	\$ 13,146,252
Investments			
U.S. Treasury and Agency Obligations	41,488,045	18,037,294	59,525,339
Common Stock	18,731,618	21,367,230	40,098,848
Equities	33,878,039	43,006,956	76,884,995
Receivables - Net of Allowance			
Accrued Interest	279,039	224,681	503,720
Total Assets	102,175,342	87,983,812	190,159,154
LIABILITIES			
Accounts Payable	-	11,487	11,487
Due to Other Funds	2,289,701	2,484,251	4,773,952
Other Payables	21,735	-	21,735
Total Liabilities	2,311,436	2,495,738	4,807,174
NET POSITION			
Held in Trust for Pension Benefits	\$ 99,863,906	\$ 85,488,074	\$ 185,351,980

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Net Position
For the Fiscal Year Ended April 30, 2014**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 4,330,880	\$ 4,701,000	\$ 9,031,880
Contributions - Plan Members	971,178	939,894	1,911,072
Contributions - Other	354,653	822	355,475
Total Contributions	5,656,711	5,641,716	11,298,427
Investment Income			
Interest Earned	2,521,902	1,559,256	4,081,158
Net Change in Fair Value	6,878,524	7,897,801	14,776,325
	9,400,426	9,457,057	18,857,483
Less Investment Expenses	(265,075)	(180,545)	(445,620)
Net Investment Income	9,135,351	9,276,512	18,411,863
Total Additions	14,792,062	14,918,228	29,710,290
Deductions			
Administration	38,665	34,929	73,594
Benefits and Refunds	4,903,400	5,445,275	10,348,675
Total Deductions	4,942,065	5,480,204	10,422,269
Change in Net Position	9,849,997	9,438,024	19,288,021
Net Position - Beginning	90,013,909	76,050,050	166,063,959
Net Position - Ending	\$ 99,863,906	\$ 85,488,074	\$ 185,351,980

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014
(with Comparative Actuals for 2013)**

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Additions				
Contributions - Employer	\$ 4,330,880	\$ 4,330,880	\$ 4,330,880	\$ 4,288,000
Contributions - Plan Members	1,130,000	1,130,000	971,178	951,223
Contributions - Other	-	-	354,653	407,519
Total Contributions	5,460,880	5,460,880	5,656,711	5,646,742
Investment Income				
Interest Earned	2,150,000	2,150,000	2,521,902	2,460,576
Net Change in Fair Value	1,700,000	1,700,000	6,878,524	5,027,526
	3,850,000	3,850,000	9,400,426	7,488,102
Less Investment Expenses	(260,000)	(260,000)	(265,075)	(252,279)
Net Investment Income	3,590,000	3,590,000	9,135,351	7,235,823
Total Additions	9,050,880	9,050,880	14,792,062	12,882,565
Deductions				
Administration	53,000	53,000	38,665	38,815
Benefits and Refunds	4,724,000	4,911,000	4,903,400	4,398,500
Total Deductions	4,777,000	4,964,000	4,942,065	4,437,315
Change in Net Position	\$ 4,273,880	\$ 4,086,880	9,849,997	8,445,250
Net Position - Beginning			90,013,909	81,568,659
Net Position - Ending			\$ 99,863,906	\$ 90,013,909

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2014

(with Comparative Actuals for 2013)

	2014			2013 Actual
	Budget		Actual	
	Original	Final		
Additions				
Contributions - Employer	\$ 4,701,000	\$ 4,701,000	\$ 4,701,000	\$ 4,588,000
Contributions - Plan Members	955,000	955,000	939,894	911,619
Contributions - Other	-	-	822	7,357
Total Contributions	<u>5,656,000</u>	<u>5,656,000</u>	<u>5,641,716</u>	<u>5,506,976</u>
Investment Income				
Interest Earned	1,900,000	1,900,000	1,559,256	1,788,421
Net Change in Fair Value	2,000,000	2,000,000	7,897,801	5,401,091
	<u>3,900,000</u>	<u>3,900,000</u>	<u>9,457,057</u>	<u>7,189,512</u>
Less Investment Expenses	(188,600)	(188,600)	(180,545)	(204,594)
Net Investment Income	<u>3,711,400</u>	<u>3,711,400</u>	<u>9,276,512</u>	<u>6,984,918</u>
Total Additions	<u>9,367,400</u>	<u>9,367,400</u>	<u>14,918,228</u>	<u>12,491,894</u>
Deductions				
Administration	42,800	42,800	34,929	23,642
Benefits and Refunds	5,470,000	5,470,000	5,445,275	5,147,661
Total Deductions	<u>5,512,800</u>	<u>5,512,800</u>	<u>5,480,204</u>	<u>5,171,303</u>
Change in Net Position	<u>\$ 3,854,600</u>	<u>\$ 3,854,600</u>	9,438,024	7,320,591
Net Position - Beginning			<u>76,050,050</u>	<u>68,729,459</u>
Net Position - Ending			<u>\$ 85,488,074</u>	<u>\$ 76,050,050</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2014**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 1,564,197	\$ 1,735,848	\$ 1,564,197	\$ 1,735,848
Accounts Receivable	113,388	79,781	113,388	79,781
Accrued Interest Receivable	1,617	491	1,617	491
Total Assets	<u>\$ 1,679,202</u>	<u>\$ 1,816,120</u>	<u>\$ 1,679,202</u>	<u>\$ 1,816,120</u>
LIABILITIES				
Accounts Payable	\$ 1,541	\$ 4,072	\$ 1,541	\$ 4,072
Deposits Payable	1,672,860	1,812,031	1,672,860	1,812,031
Other Payables	4,801	17	4,801	17
Total Liabilities	<u>\$ 1,679,202</u>	<u>\$ 1,816,120</u>	<u>\$ 1,679,202</u>	<u>\$ 1,816,120</u>
Guaranty Deposit Fund				
ASSETS				
Cash and Investments	\$ 461,973	\$ 324,046	\$ 461,973	\$ 324,046
Accrued Interest Receivable	1,201	250	1,201	250
Total Assets	<u>\$ 463,174</u>	<u>\$ 324,296</u>	<u>\$ 463,174</u>	<u>\$ 324,296</u>
LIABILITIES				
Accounts Payable	\$ 1,000	\$ 2,000	\$ 1,000	\$ 2,000
Deposits Payable	462,174	322,296	462,174	322,296
Total Liabilities	<u>\$ 463,174</u>	<u>\$ 324,296</u>	<u>\$ 463,174</u>	<u>\$ 324,296</u>

	Beginning Balances	Additions	Deductions	Ending Balances
Escrow Deposits Fund				
ASSETS				
Cash and Investments	\$ 630,120	\$ 907,009	\$ 630,120	\$ 907,009
Accounts Receivable	1,541	620	1,541	620
Total Assets	<u>\$ 631,661</u>	<u>\$ 907,629</u>	<u>\$ 631,661</u>	<u>\$ 907,629</u>
LIABILITIES				
Accounts Payable	\$ 541	\$ 2,072	\$ 541	\$ 2,072
Deposits Payable	626,319	905,540	626,319	905,540
Other Payables	4,801	17	4,801	17
Total Liabilities	<u>\$ 631,661</u>	<u>\$ 907,629</u>	<u>\$ 631,661</u>	<u>\$ 907,629</u>
Special Assessments Collection Fund				
ASSETS				
Cash and Investments	\$ 472,104	\$ 504,793	\$ 472,104	\$ 504,793
Accounts Receivable	111,847	79,161	111,847	79,161
Accrued Interest Receivable	416	241	416	241
Total Assets	<u>\$ 584,367</u>	<u>\$ 584,195</u>	<u>\$ 584,367</u>	<u>\$ 584,195</u>
LIABILITIES				
Deposits Payable	<u>\$ 584,367</u>	<u>\$ 584,195</u>	<u>\$ 584,367</u>	<u>\$ 584,195</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2003A
April 30, 2014**

Date of Issue	December 29, 2003
Date of Maturity	December 1, 2016
Authorized Issue	\$2,600,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
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>\$ 735,000</u>	<u>\$ 59,600</u>	<u>\$ 794,600</u>		<u>\$ 29,800</u>		<u>\$ 29,800</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2003B
April 30, 2014**

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% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
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>\$ 935,000</u>	<u>\$ 74,600</u>	<u>\$ 1,009,600</u>		<u>\$ 37,300</u>		<u>\$ 37,300</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2005

April 30, 2014

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% - 3.65%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
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>\$ 825,000</u>	<u>\$ 45,224</u>	<u>\$ 870,224</u>		<u>\$ 22,612</u>		<u>\$ 22,612</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2006

April 30, 2014

Date of Issue	October 1, 2006
Date of Maturity	December 1, 2015
Authorized Issue	\$20,000,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 1,400,000	\$ 192,000	\$ 1,592,000	2014	\$ 96,000	2014	\$ 96,000
2014	3,400,000	136,000	3,536,000	2015	68,000	2015	68,000
	<u>\$ 4,800,000</u>	<u>\$ 328,000</u>	<u>\$ 5,128,000</u>		<u>\$ 164,000</u>		<u>\$ 164,000</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2006A
April 30, 2014**

Date of Issue	October 30, 2006
Date of Maturity	December 1, 2018
Authorized Issue	\$16,515,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
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>\$ 1,585,000</u>	<u>\$ 195,600</u>	<u>\$ 1,780,600</u>		<u>\$ 97,800</u>		<u>\$ 97,800</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2009A
April 30, 2014**

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% - 2.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	<u>\$ 2,835,000</u>	<u>\$ 70,875</u>	<u>\$ 2,905,875</u>	2014	<u>\$ 35,437</u>	2014	<u>\$ 35,438</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2009B
April 30, 2014**

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% - 2.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	<u>\$ 505,000</u>	<u>\$ 12,624</u>	<u>\$ 517,624</u>	2014	<u>\$ 6,312</u>	2014	<u>\$ 6,312</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2010
April 30, 2014**

Date of Issue	September 22, 2010
Date of Maturity	December 1, 2022
Authorized Issue	\$2,855,000
Denomination of Bonds	\$5,000
Interest Rates	1.50% - 3.25%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 215,000	\$ 60,564	\$ 275,564	2014	\$ 30,282	2014	\$ 30,282
2014	225,000	56,800	281,800	2015	28,400	2015	28,400
2015	230,000	52,300	282,300	2016	26,150	2016	26,150
2016	235,000	46,550	281,550	2017	23,275	2017	23,275
2017	245,000	40,676	285,676	2018	20,338	2018	20,338
2018	255,000	33,326	288,326	2019	16,663	2019	16,663
2019	260,000	25,676	285,676	2020	12,838	2020	12,838
2020	270,000	17,876	287,876	2021	8,938	2021	8,938
2021	280,000	9,100	289,100	2022	4,550	2022	4,550
	<u>\$ 2,215,000</u>	<u>\$ 342,868</u>	<u>\$ 2,557,868</u>		<u>\$ 171,434</u>		<u>\$ 171,434</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2011
April 30, 2014**

Date of Issue	August 1, 2011
Date of Maturity	December 1, 2026
Authorized Issue	\$9,925,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 60,000	\$ 382,900	\$ 442,900	2014	\$ 191,450	2014	\$ 191,450
2014	60,000	381,700	441,700	2015	190,850	2015	190,850
2015	60,000	380,500	440,500	2016	190,250	2016	190,250
2016	60,000	379,300	439,300	2017	189,650	2017	189,650
2017	65,000	377,650	442,650	2018	188,825	2018	188,825
2018	75,000	375,862	450,862	2019	187,931	2019	187,931
2019	50,000	373,800	423,800	2020	186,900	2020	186,900
2020	50,000	371,800	421,800	2021	185,900	2021	185,900
2021	900,000	369,800	1,269,800	2022	184,900	2022	184,900
2022	2,450,000	333,800	2,783,800	2023	166,900	2023	166,900
2023	2,520,000	235,800	2,755,800	2024	117,900	2024	117,900
2024	1,895,000	135,000	2,030,000	2025	67,500	2025	67,500
2025	1,480,000	59,200	1,539,200	2026	29,600	2026	29,600
	<u>\$ 9,725,000</u>	<u>\$ 4,157,112</u>	<u>\$ 13,882,112</u>		<u>\$ 2,078,556</u>		<u>\$ 2,078,556</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2012A
April 30, 2014**

Date of Issue	February 1, 2012
Date of Maturity	December 1, 2022
Authorized Issue	\$9,670,000
Denomination of Bonds	\$5,000
Interest Rate	2.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 185,000	\$ 189,500	\$ 374,500	2014	\$ 94,750	2014	\$ 94,750
2014	185,000	185,800	370,800	2015	92,900	2015	92,900
2015	585,000	182,100	767,100	2016	91,050	2016	91,050
2016	1,000,000	170,400	1,170,400	2017	85,200	2017	85,200
2017	1,000,000	150,400	1,150,400	2018	75,200	2018	75,200
2018	1,000,000	130,400	1,130,400	2019	65,200	2019	65,200
2019	2,000,000	110,400	2,110,400	2020	55,200	2020	55,200
2020	2,145,000	70,400	2,215,400	2021	35,200	2021	35,200
2021	1,375,000	27,500	1,402,500	2022	13,750	2022	13,750
	<u>\$ 9,475,000</u>	<u>\$ 1,216,900</u>	<u>\$ 10,691,900</u>		<u>\$ 608,450</u>		<u>\$ 608,450</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2013
April 30, 2014**

Date of Issue	December 1, 2013
Date of Maturity	December 1, 2019
Authorized Issue	\$7,755,000
Denomination of Bonds	\$5,000
Interest Rate	2.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Bank of New York Midwest Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 35,000	\$ 287,450	\$ 322,450	2014	\$ 143,725	2014	\$ 143,725
2014	35,000	286,750	321,750	2015	143,375	2015	143,375
2015	2,135,000	286,050	2,421,050	2016	143,025	2016	143,025
2016	2,020,000	222,000	2,242,000	2017	111,000	2017	111,000
2017	1,530,000	141,200	1,671,200	2018	70,600	2018	70,600
2018	2,000,000	80,000	2,080,000	2019	40,000	2019	40,000
	<u>\$ 7,755,000</u>	<u>\$ 1,303,450</u>	<u>\$ 9,058,450</u>		<u>\$ 651,725</u>		<u>\$ 651,725</u>

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of the 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.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

	2005	2006	2007	2008
Governmental Activities				
Net Investment in				
Capital Assets	\$ 76,741,226	\$ 86,401,354	\$ 95,942,903	\$ 105,832,314
Restricted	23,778,506	19,680,403	23,406,560	11,249,654
Unrestricted	38,276,772	42,162,160	39,057,180	47,209,312
Total Governmental Activities	<u>\$ 138,796,504</u>	<u>\$ 148,243,917</u>	<u>\$ 158,406,643</u>	<u>\$ 164,291,280</u>
Business-Type Activities				
Net Investment in				
Capital Assets	\$ 34,083,827	\$ 35,676,832	\$ 34,316,474	\$ 37,451,534
Unrestricted	31,089,023	30,282,536	29,862,422	26,168,160
Total Business-Type Activities	<u>\$ 65,172,850</u>	<u>\$ 65,959,368</u>	<u>\$ 64,178,896</u>	<u>\$ 63,619,694</u>
Primary Government				
Net Investment in				
Capital Assets	\$ 110,825,053	\$ 122,078,186	\$ 130,259,377	\$ 143,283,848
Restricted	23,778,506	19,680,403	23,406,560	11,249,654
Unrestricted	69,365,795	72,444,696	68,919,602	73,377,472
Total Primary Government	<u>\$ 203,969,354</u>	<u>\$ 214,203,285</u>	<u>\$ 222,585,539</u>	<u>\$ 227,910,974</u>

Data Source: Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ 110,917,033	\$ 111,371,613	\$ 113,491,072	\$ 116,954,018	\$ 121,113,330	\$ 127,435,505
8,198,492	9,270,651	9,452,095	16,263,555	17,517,983	16,796,342
44,189,397	40,570,428	44,485,939	41,494,128	44,224,002	45,211,400
<u>\$ 163,304,922</u>	<u>\$ 161,212,692</u>	<u>\$ 167,429,106</u>	<u>\$ 174,711,701</u>	<u>\$ 182,855,315</u>	<u>\$ 189,443,247</u>
\$ 36,981,008	\$ 35,842,122	\$ 34,272,550	\$ 32,777,835	\$ 31,486,324	\$ 30,288,702
24,524,508	23,450,192	22,632,902	22,739,490	23,159,732	23,285,911
<u>\$ 61,505,516</u>	<u>\$ 59,292,314</u>	<u>\$ 56,905,452</u>	<u>\$ 55,517,325</u>	<u>\$ 54,646,056</u>	<u>\$ 53,574,613</u>
\$ 147,898,041	\$ 147,213,735	\$ 147,763,622	\$ 149,731,853	\$ 152,599,654	\$ 157,724,207
8,198,492	9,270,651	9,452,095	16,263,555	17,517,983	16,796,342
68,713,905	64,020,620	67,118,841	64,233,618	67,383,734	68,497,311
<u>\$ 224,810,438</u>	<u>\$ 220,505,006</u>	<u>\$ 224,334,558</u>	<u>\$ 230,229,026</u>	<u>\$ 237,501,371</u>	<u>\$ 243,017,860</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Changes in Net Position - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

	2005	2006	2007	2008
Expenses				
Governmental Activities				
General Government	\$ 5,888,486	\$ 6,963,796	\$ 7,280,703	\$ 4,420,078
Public Safety	28,908,330	31,411,069	34,040,770	35,805,185
Highways and Streets	15,935,611	11,615,217	16,040,788	21,009,834
Community Development	5,960,458	11,872,460	8,600,956	10,563,305
Health and Welfare	1,874,012	1,966,963	2,147,585	2,273,352
Interest on Long-Term Debt	3,252,018	3,089,512	3,429,230	3,496,323
Total Governmental Activities Expenses	61,818,915	66,919,017	71,540,032	77,568,077
Business-Type Activities				
Water and Sewer	12,019,665	13,084,040	15,182,980	14,221,254
Solid Waste Disposal	1,790,234	1,553,821	1,558,639	1,563,157
Arts, Entertainment & Events	-	345,743	393,922	435,170
Total Business-Type Activities Expenses	13,809,899	14,983,604	17,135,541	16,219,581
Total Primary Government Expenses	\$ 75,628,814	\$ 81,902,621	\$ 88,675,573	\$ 93,787,658
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$ 3,744,933	\$ 3,874,849	\$ 4,495,042	\$ 4,228,850
Public Safety	1,857,420	2,667,502	2,840,514	2,879,405
Highways and Streets	2,815,013	2,888,303	2,735,554	2,894,044
Community Development	1,170,831	1,083,918	1,504,432	4,828,838
Health and Welfare	55,683	42,540	51,490	38,325
Operating Grants and Contributions	2,979,951	3,052,120	2,843,666	3,046,426
Capital Grants and Contributions	110,710	360,389	54,000	330,317
Total Governmental Activities Program Revenues	12,734,541	13,969,621	14,524,698	18,246,205
Business-Type Activities				
Charges for Services				
Water and Sewer	11,976,990	13,035,163	12,047,636	12,258,690
Solid Waste Disposal	1,576,134	1,523,987	1,639,761	1,689,567
Art, Entertainment & Events	-	22,000	22,414	26,356
Total Business-Type Activities Program Revenues	13,553,124	14,581,150	13,709,811	13,974,613
Total Primary Government Program Revenues	\$ 26,287,665	\$ 28,550,771	\$ 28,234,509	\$ 32,220,818
Net Revenue (Expenses)				
Governmental Activities	\$ (49,084,374)	\$ (52,949,396)	\$ (57,015,334)	\$ (59,321,872)
Business-Type Activities	(256,775)	(402,454)	(3,425,730)	(2,244,968)
Total Primary Government Net Revenue (Expense)	\$ (49,341,149)	\$ (53,351,850)	\$ (60,441,064)	\$ (61,566,840)

2009	2010	2011	2012	2013	2014
\$ 7,979,137	\$ 7,563,734	\$ 5,193,600	\$ 6,257,562	\$ 5,373,174	\$ 5,194,272
38,545,819	39,868,746	40,266,562	41,805,406	43,129,040	43,866,734
20,744,929	17,504,839	17,159,903	17,923,609	19,692,580	23,532,913
6,722,697	7,016,350	6,334,050	5,838,531	5,734,706	2,642,799
2,504,784	2,413,690	1,888,832	1,948,340	2,137,300	5,337,880
3,273,165	3,037,995	2,583,611	2,514,126	1,896,757	1,563,358
79,770,531	77,405,354	73,426,558	76,287,574	77,963,557	82,137,956
14,582,291	14,305,939	15,251,729	14,914,914	15,722,016	15,537,127
1,541,944	1,422,141	1,492,582	1,529,106	1,312,457	1,230,310
383,033	440,953	475,793	819,933	511,705	698,518
16,507,268	16,169,033	17,220,104	17,263,953	17,546,178	17,465,955
\$ 96,277,799	\$ 93,574,387	\$ 90,646,662	\$ 93,551,527	\$ 95,509,735	\$ 99,603,911
\$ 4,300,002	\$ 4,434,038	\$ 4,325,464	\$ 4,582,832	\$ 4,978,268	\$ 4,337,694
3,109,565	2,864,781	2,975,966	2,895,316	2,929,501	3,050,316
2,899,142	2,892,202	2,935,937	3,017,043	3,016,225	3,253,819
838,830	976,909	816,738	901,216	1,681,786	31,751
68,435	56,974	51,551	42,754	44,896	1,375,624
2,808,197	2,809,350	2,826,571	2,638,083	2,953,559	2,787,401
790,450	108,675	866,648	574,058	1,821,768	1,501,300
14,814,621	14,142,929	14,798,875	14,651,302	17,426,003	16,337,905
11,789,339	11,908,829	12,730,188	12,960,678	14,344,566	14,232,051
1,629,122	1,627,737	1,406,829	1,701,884	1,593,605	1,575,908
32,351	30,375	33,550	132,209	74,611	149,351
13,450,812	13,566,941	14,170,567	14,794,771	16,012,782	15,957,310
\$ 28,265,433	\$ 27,709,870	\$ 28,969,442	\$ 29,446,073	\$ 33,438,785	\$ 32,295,215
\$ (64,955,910)	\$ (63,262,425)	\$ (58,627,683)	\$ (61,636,272)	\$ (60,537,554)	\$ (65,800,051)
(3,056,456)	(2,602,092)	(3,049,537)	(2,469,182)	(1,533,396)	(1,508,645)
\$ (68,012,366)	\$ (65,864,517)	\$ (61,677,220)	\$ (64,105,454)	\$ (62,070,950)	\$ (67,308,696)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years - Continued
April 30, 2014 (Unaudited)

	2005	2006	2007	2008
General Revenues and Other				
Changes in Net Position				
Governmental Activities				
Taxes				
Property	\$ 23,805,877	\$ 26,131,769	\$ 30,146,710	\$ 28,321,080
Sales	11,367,933	11,581,997	11,324,683	10,999,700
Home Rule Sales	5,397,509	6,000,585	6,010,903	5,736,288
Replacement	316,130	407,912	443,690	516,811
Use	818,163	923,941	1,000,246	1,079,824
Telecommunications	4,987,004	4,979,356	4,402,338	4,711,422
Utility	-	-	-	-
Hotel	1,191,907	1,301,228	1,530,315	1,705,506
Food and Beverage	1,662,959	1,685,141	1,777,822	1,835,620
Foreign Fire Insurance	90,695	88,963	79,812	90,579
Other	53,259	49,996	36,498	45,162
Shared Income Tax	5,161,838	5,879,378	6,485,022	7,084,398
Investment Earnings	842,947	1,924,845	3,114,861	2,121,255
Miscellaneous	817,686	1,176,534	825,171	958,864
Contributions	-	-	-	-
Transfers	(2,723,320)	265,164	-	-
Total Governmental Activities	53,790,587	62,396,809	67,178,071	65,206,509
Business-Type Activities				
Income (Loss) from Joint Venture	(52,366)	-	249,668	366,174
Investment Earnings	308,864	509,433	726,097	494,152
Food and Beverage	226,280	422,796	432,456	459,171
Miscellaneous	156,692	521,907	237,036	366,269
Contributions	-	-	-	-
Transfers	2,723,320	(265,164)	-	-
Total Business-Type Activities	3,362,790	1,188,972	1,645,257	1,685,766
Total Primary Government	\$ 57,153,377	\$ 63,585,781	\$ 68,823,328	\$ 66,892,275
Change in Net Position				
Governmental Activities	\$ 4,706,213	\$ 9,447,413	\$ 10,162,737	\$ 5,884,637
Business-Type Activities	3,106,015	786,518	(1,780,473)	(559,202)
Total Primary Government Change in Net Position	\$ 7,812,228	\$ 10,233,931	\$ 8,382,264	\$ 5,325,435

Data Source: Audited Financial Statements

	2009	2010	2011	2012	2013	2014
\$	29,517,038	\$ 29,321,029	\$ 28,710,137	\$ 30,715,129	\$ 30,390,556	\$ 30,637,670
	10,446,148	9,570,850	10,369,871	10,519,988	10,333,345	11,488,156
	5,244,404	5,139,660	6,574,175	6,897,071	6,582,209	7,033,558
	464,953	411,138	455,733	410,962	415,244	466,766
	1,085,127	915,224	1,103,427	1,101,284	1,190,737	1,340,067
	4,419,759	4,158,597	3,772,498	4,269,272	3,606,605	3,244,472
	-	917,319	4,051,320	5,265,951	5,568,711	5,805,227
	1,360,158	893,169	814,905	885,190	959,547	968,827
	1,784,132	1,681,355	1,674,096	1,750,023	1,843,377	1,881,211
	90,271	104,658	117,835	123,597	129,456	146,650
	43,066	46,465	52,554	40,782	57,439	313,140
	7,010,647	6,111,105	5,998,989	6,135,155	6,768,141	7,318,303
	1,090,223	581,468	351,656	217,990	201,421	285,637
	1,403,621	1,018,158	746,901	886,473	634,380	1,458,299
	10,005	-	-	-	-	-
	-	300,000	50,000	(300,000)	-	-
	63,969,552	61,170,195	64,844,097	68,918,867	68,681,168	72,387,983
	-	-	-	-	-	-
	235,433	116,958	58,387	27,741	23,362	22,143
	478,671	419,219	420,102	433,045	460,424	470,918
	228,174	152,713	234,186	320,267	178,341	(55,859)
	-	-	-	-	-	-
	-	(300,000)	(50,000)	300,000	-	-
	942,278	388,890	662,675	1,081,053	662,127	437,202
\$	64,911,830	\$ 61,559,085	\$ 65,506,772	\$ 69,999,920	\$ 69,343,295	\$ 72,825,185
\$	(986,358)	\$ (2,092,230)	\$ 6,216,414	\$ 7,282,595	\$ 8,143,614	\$ 6,587,932
	(2,114,178)	(2,213,202)	(2,386,862)	(1,388,129)	(871,269)	(1,071,443)
\$	(3,100,536)	\$ (4,305,432)	\$ 3,829,552	\$ 5,894,466	\$ 7,272,345	\$ 5,516,489

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

	2005	2006	2007	2008
General Fund				
Reserved	\$ 369,750	\$ 224,326	\$ 1,600,742	\$ 397,168
Unreserved	18,036,737	20,189,585	18,974,274	21,720,502
Nonspendable	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 18,406,487</u>	<u>\$ 20,413,911</u>	<u>\$ 20,575,016</u>	<u>\$ 22,117,670</u>
All Other Governmental Funds				
Reserved	\$ 24,394,865	\$ 23,882,679	\$ 21,510,777	\$ 12,566,414
Unreserved, Reported in:				
Special Revenues Funds	1,585,964	1,674,682	926,270	2,627,077
Capital Projects Funds	4,270,623	5,061,858	7,573,195	7,362,727
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 30,251,452</u>	<u>\$ 30,619,219</u>	<u>\$ 30,010,242</u>	<u>\$ 22,556,218</u>

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

Data Source: Audited Financial Statements

2009	2010	2011	2012*	2013	2014
\$ 251,626	\$ 204,484	\$ 20,005	\$ -	\$ -	\$ -
19,086,835	17,415,479	20,207,484	-	-	-
-	-	-	121,491	208,379	317,836
-	-	-	600,699	592,930	749,295
-	-	-	22,321,417	22,380,114	22,942,073
<u>\$ 19,338,461</u>	<u>\$ 17,619,963</u>	<u>\$ 20,227,489</u>	<u>\$ 23,043,607</u>	<u>\$ 23,181,423</u>	<u>\$ 24,009,204</u>
\$ 9,166,943	\$ 9,274,651	\$ 9,459,952	\$ -	\$ -	\$ -
6,441,755	6,404,202	6,299,665	-	-	-
5,716,699	6,162,092	6,399,997	-	-	-
-	-	-	-	257,979	438,742
-	-	-	16,263,555	17,517,983	17,361,269
-	-	-	8,191,945	10,156,751	9,352,188
<u>\$ 21,325,397</u>	<u>\$ 21,840,945</u>	<u>\$ 22,159,614</u>	<u>\$ 24,455,500</u>	<u>\$ 27,932,713</u>	<u>\$ 27,152,199</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

	2005	2006	2007	2008
Revenues				
Taxes	\$ 54,524,789	\$ 58,631,360	\$ 63,043,931	\$ 62,026,321
Intergovernmental	2,827,419	2,975,600	2,832,061	3,164,765
Grants/Contributions	602,075	562,112	266,749	312,047
Charges for Services	1,599,127	1,652,077	1,729,101	5,248,647
Licenses and Permits	3,891,261	3,915,711	4,414,540	4,206,336
Fines and Fees	3,805,006	4,775,288	5,207,873	5,191,984
Investment Income	842,947	1,924,844	3,114,861	2,121,251
Rents and Reimbursables	438,583	463,729	468,418	440,515
Miscellaneous	717,241	1,200,545	625,235	740,848
Total Revenues	69,248,448	76,101,266	81,702,769	83,452,714
Expenditures				
General Government	5,681,324	5,548,724	5,686,903	6,116,676
Public Safety	28,054,035	30,362,748	33,002,637	35,059,075
Highways and Streets	10,579,463	10,981,937	11,766,455	12,079,230
Community Development	4,786,450	5,150,798	5,487,557	7,709,444
Health and Welfare	1,839,672	1,966,963	2,147,585	2,273,352
Capital Outlay	13,700,342	11,294,960	32,891,951	19,132,180
Debt Service				
Principal Retirement	6,545,000	6,820,000	5,845,000	5,504,653
Interest and Fiscal Charges	2,354,019	3,543,365	2,520,132	3,592,874
Other Charges	112,958	56,762	294,144	10,953
Total Expenditures	73,653,263	75,726,257	99,642,364	91,478,437
Excess (Deficiency) of Revenue Over (Under) Expenditures	(4,404,815)	375,009	(17,939,595)	(8,025,723)
Other Financing Sources (Uses)				
Debt Issuance	20,000,000	2,235,000	36,515,000	2,100,000
Premium (Discount) on Debt Issuance	(71,746)	5,618	187,842	-
Payment to Escrow Agent	-	-	(16,951,117)	-
Transfers In	6,365,668	5,824,288	6,817,268	765,380
Transfers Out	(9,692,338)	(6,064,724)	(9,077,268)	(765,380)
Proceeds from Sale of Capital Assets	-	-	-	14,353
	16,601,584	2,000,182	17,491,725	2,114,353
Net Change in Fund Balance	\$ 12,196,769	\$ 2,375,191	\$ (447,870)	\$ (5,911,370)
Debt Service as a Percentage of Noncapital Expenditures	13.78%	14.83%	11.51%	10.16%

Data Source: Audited Financial Statements

2009	2010	2011	2012	2013	2014
\$ 61,375,433	\$ 59,165,913	\$ 63,577,704	\$ 61,855,652	\$ 60,947,768	\$ 49,884,105
2,254,702	2,237,939	2,282,831	8,297,534	9,428,030	20,686,642
1,444,220	784,744	1,528,222	1,173,358	1,447,303	4,288,701
1,795,352	1,960,514	2,021,291	2,030,165	2,052,554	5,284,463
3,737,099	3,644,510	3,373,772	3,618,724	4,289,920	5,989,935
5,490,768	5,410,109	5,530,326	5,595,692	6,051,687	755,196
1,090,221	581,474	351,658	217,990	201,421	218,686
462,268	448,573	406,325	431,382	436,635	-
1,134,110	779,348	520,843	649,662	454,263	1,477,909
78,784,173	75,013,124	79,592,972	83,870,159	85,309,581	88,585,637
6,536,042	7,875,528	5,771,441	5,890,843	4,698,107	4,277,526
36,927,740	37,509,901	38,956,847	40,684,642	42,291,156	43,012,679
12,462,281	9,515,911	9,457,575	9,250,565	11,089,158	12,460,690
5,900,626	5,593,968	5,214,087	5,073,806	5,129,100	2,600,895
2,412,863	2,344,242	1,880,681	1,861,099	2,153,765	5,382,571
9,120,302	8,241,071	7,106,267	7,053,543	8,358,862	11,467,725
6,119,781	5,833,691	5,570,000	6,360,000	5,835,000	6,160,000
3,189,568	3,035,994	2,580,096	2,199,945	1,739,404	1,624,978
-	-	36,426	147,895	-	-
82,669,203	79,950,306	76,573,420	78,522,338	81,294,552	86,987,064
(3,885,030)	(4,937,182)	3,019,552	5,347,821	4,015,029	1,598,573
-	10,430,000	2,855,000	19,595,000	-	7,755,000
-	130,520	34,909	395,279	-	862,170
-	(8,426,288)	(2,849,266)	(19,810,106)	-	(8,568,476)
1,782,620	4,620,097	1,693,003	2,982,025	5,775,747	3,613,688
(1,907,620)	(3,020,097)	(1,643,003)	(3,582,025)	(6,175,747)	(5,213,688)
-	-	-	-	-	-
(125,000)	3,734,232	90,643	(419,827)	(400,000)	(1,551,306)
\$ (4,010,030)	\$ (1,202,950)	\$ 3,110,195	\$ 4,927,994	\$ 3,615,029	\$ 47,267
11.96%	11.33%	10.70%	10.92%	9.51%	7.24%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Police Pension Fund Tax Levies and Contributions - Last Ten Tax Levy Years
April 30, 2014 (Unaudited)**

Tax 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
2004	\$ 2,064,339	\$ 2,064,300	100%	\$ 2,064,300	2006
2005	2,182,071	2,256,000	103%	2,256,000	2007
2006	2,239,939	2,285,000	102%	2,285,000	2008
2007	2,244,687	2,307,800	103%	2,307,800	2009
2008	2,325,266	2,442,000	105%	2,442,000	2010
2009	2,875,430	3,378,000	117%	3,379,573	2011
2010	3,679,006	4,038,000	110%	4,039,909	2012
2011	4,288,185	4,288,000	100%	4,288,000	2013
2012	4,136,305	4,330,880	105%	4,330,880	2014
2013	4,222,683	4,529,400	107%	4,529,400 *	2015

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Firefighters' Pension Fund Tax Levies and Contributions - Last Ten Tax Levy Years
April 30, 2014 (Unaudited)**

Tax 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
2004	\$ 2,134,795	\$ 2,134,800	100%	\$ 2,134,800	2006
2005	2,554,228	2,663,000	104%	2,679,241	2007
2006	2,730,049	2,856,000	105%	2,856,000	2008
2007	2,977,176	3,091,000	104%	3,109,350	2009
2008	3,098,000	3,244,000	105%	3,244,000	2010
2009	3,554,720	3,948,000	111%	3,948,000	2011
2010	4,195,008	4,459,000	106%	4,470,604	2012
2011	4,574,540	4,588,000	100%	4,588,000	2013
2012	4,588,979	4,701,000	102%	4,701,000	2014
2013	4,771,232	5,007,300	105%	5,007,300 *	2015

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
April 30, 2014 (Unaudited)**

Tax Levy Year	Residential Property
2004	\$ 1,610,714,750
2005	1,762,207,094
2006	1,803,976,148
2007	2,159,681,431
2008	2,363,924,787
2009	2,562,767,692
2010	2,328,125,638
2011	2,181,305,538
2012	2,009,525,986
2013	N/A

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

N/A - Not Available

Data Source: Cook County Tax Extension Office.

Commercial Property	Industrial Property	Railroad Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
\$ 719,968,688	\$ 263,159,973	\$ 415,112	\$ 2,594,258,523	1.131	\$ 7,783,553,924
741,323,044	274,464,955	391,482	2,778,386,575	1.187	8,335,993,324
802,869,636	274,238,259	389,265	2,881,473,308	1.277	8,645,284,452
908,782,142	317,501,919	424,008	3,386,389,500	1.134	10,160,184,518
927,728,746	332,953,746	460,399	3,625,067,678	1.072	10,876,290,663
855,590,509	280,348,725	549,104	3,699,256,030	1.108	11,098,877,978
808,869,919	261,967,060	679,364	3,399,641,981	1.254	10,199,945,938
687,378,788	224,364,941	719,722	3,093,768,989	1.385	9,282,235,191
	209,384,276	810,919	2,859,958,555	1.532	8,579,875,665
N/A	N/A	N/A	2,477,913,486	1.818	7,433,740,458

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years* April 30, 2014 (Unaudited)

	2004	2005	2006	2007
Village Direct Rates				
Village of Arlington Heights	0.740	0.800	0.866	0.763
Arlington Heights Memorial Library	0.391	0.387	0.411	0.371
Total Village Direct Rates	1.131	1.187	1.277	1.134
Overlapping Rates				
County (includes Forest Preserve)	0.653	0.607	0.557	0.499
Metro Reclamation District	0.347	0.315	0.284	0.263
School District #25	3.156	3.225	3.295	2.890
School District #214	1.818	1.759	1.823	1.621
School District #512	0.279	0.281	0.288	0.260
Park District's	0.466	0.453	0.461	0.404
Wheeling Township	0.042	0.041	0.043	0.038
Other	0.031	0.035	0.037	0.041
Total Overlapping Rates	6.792	6.716	6.788	6.016
Total Tax Rate Per \$100 of EAV	7.923	7.903	8.065	7.150

Data Source: Cook County Tax Extension Office

* Tax Rates per \$100 of EAV

2008	2009	2010	2011	2012	2013
0.722	0.755	0.866	0.955	1.062	1.270
0.350	0.353	0.388	0.430	0.470	0.548
1.072	1.108	1.254	1.385	1.532	1.818
0.466	0.443	0.423	0.520	0.594	0.660
0.252	0.261	0.274	0.320	0.370	0.417
2.807	2.510	2.813	3.101	3.416	3.659
1.587	1.636	1.839	2.067	2.324	2.768
0.256	0.258	0.295	0.334	0.373	0.444
0.379	0.392	0.450	0.496	0.545	0.633
0.038	0.039	0.043	0.048	0.052	0.056
0.029	0.050	0.079	0.059	0.036	0.042
5.814	5.589	6.216	6.945	7.710	8.679
6.886	6.697	7.470	8.330	9.242	10.497

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
April 30, 2014 (Unaudited)**

Taxpayer	2014*			2005		
	Equalized Assessed Value*	Rank	Percentage of Total Village Assessed Value	Equalized Assessed Value	Rank	Percentage of Total Village Assessed Value
Luther Village	\$ 43,520,328	1	1.76%	\$ 34,299,173	3	1.234%
Arlington International Racecourse	33,409,746	2	1.35%	42,483,720	2	1.529%
Nokia Siemens Networks	22,035,666	3	0.89%	45,754,640	1	1.647%
Town & Country Mall	21,164,121	4	0.85%	14,288,773	10	0.514%
Northpoint Mall	19,087,206	5	0.77%	25,615,142	4	0.922%
New Plan Excel Realty Trust	15,025,863	6	0.61%			
Tanglewood Apartments	13,127,643	7	0.53%	24,506,697	5	0.882%
Marriott	13,118,598	8	0.53%	18,677,976	8	0.672%
Hamilton Partners	11,942,574	9	0.48%	20,235,457	7	0.728%
200 Arlington Place	10,260,585	10	0.41%			
Heller Rour 02186				20,476,171	6	0.737%
Robin Reality Management				16,461,863	9	0.592%
	<u>\$ 202,692,330</u>		<u>8.18%</u>	<u>\$ 262,799,612</u>		<u>9.46%</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 valuation were overlooked.

* Based on 2013 Equalized Assessed Valuations.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Property Tax Levies and Collections - Last Ten Tax Levy Years
April 30, 2014 (Unaudited)**

Tax Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 29,310,353	\$ 29,049,491	99.11%	\$ 96,724	\$ 29,146,215	99.44%
2005	32,956,020	32,441,906	98.44%	230,692	32,672,598	99.14%
2006	36,785,532	36,583,211	99.45%	114,035	36,697,246	99.76%
2007	38,401,657	37,660,505	98.07%	341,775	38,002,280	98.96%
2008	38,860,726	38,538,182	99.17%	15,544	38,553,726	99.21%
2009	42,700,560	41,915,785	98.16%	147,985	42,063,770	98.51%
2010	44,372,124	43,608,924	98.28%	195,237	43,804,161	98.72%
2011	42,825,033	42,111,067	98.33%	20,200	42,131,267	98.38%
2012	30,348,788	29,866,790	98.41%	-	29,866,790	98.41%
2013*	31,463,571	15,819,069	50.28%	-	15,819,069	50.28%

* Levy year 2013 represents only the first two installments.

Data Source: Office of the Cook County Clerk

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

Fiscal Year	Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	General Obligation Bonds			
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%	1017.57
2008	73,330,000	-	73,330,000	2.84%	953.04
2009	68,130,000	-	68,130,000	2.64%	885.46
2010	64,690,000	-	64,690,000	2.14%	840.75
2011	59,185,000	-	59,185,000	1.96%	788.07
2012	53,730,000	-	53,730,000	1.78%	715.44
2013	47,898,000	-	47,898,000	1.58%	637.78
2014	41,390,000	-	41,390,000	1.37%	551.12

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

(1) See the Demographic and Economic Statistics Schedule for personal income and population data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Less: Debt Payable from Enterprise Revenue	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2005	\$ 69,410,000	\$ 5,061,779	\$ 875,000	\$ 63,473,221	0.82%	\$ 824.94
2006	64,545,000	3,678,600	595,000	60,271,400	0.72%	783.33
2007	78,295,000	1,916,428	300,000	76,078,572	0.88%	988.77
2008	73,330,000	1,962,895	-	71,367,105	0.70%	927.53
2009	68,130,000	1,946,327	-	66,183,673	0.61%	860.16
2010	64,690,000	1,789,843	-	62,900,157	0.57%	817.49
2011	59,185,000	1,744,304	-	57,440,696	0.56%	764.85
2012	53,730,000	1,761,874	-	51,968,126	0.56%	691.98
2013	47,898,000	1,724,730	-	46,173,270	0.54%	614.82
2014	41,390,000	1,681,930	-	39,708,070	0.53%	528.73

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

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

(2) See the Demographic and Economic Statistics Schedule for the population data. These ratios are calculated using calendar year data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Debt
April 30, 2014 (Unaudited)**

Governmental Unit	Gross Debt	(1) Percentage Debt Applicable to Village	Village's Share of Debt
Village of Arlington Heights	\$ 41,390,000	100.00%	\$ 41,390,000
Community College District 512	175,310,000	16.174%	28,354,639
Arlington Heights School District 25	-	96.642%	-
Cook County School District 15	35,533,099	3.015%	1,071,323
Cook County School District 21	44,265,000	23.936%	10,595,270
Cook County School District 59	5,540,000	13.579%	752,277
Prospect Heights School District 23	10,090,000	35.873%	3,619,586
Palatine Township High School District 211	16,430,000	0.497%	81,657
Arlington Heights School District 214	44,695,000	27.746%	12,401,075
Cook County School District 214	8,565,000	3.622%	310,224
Cook County	3,685,650,000	1.968%	72,533,592
Forest Preserve of Cook County	204,710,000	1.968%	4,028,693
Metropolitan Water Reclamation District of Greater Chicago	2,458,515,565	2.008%	49,366,993
Arlington Heights Park District	22,225,000	97.067%	21,573,141
Buffalo Grove Park District	10,585,000	13.579%	1,437,337
Prospect Heights Park District	8,787,633	5.616%	493,513
Mount Prospect Park District	17,450,000	2.662%	464,519
Palatine Park District	18,835,000	0.915%	172,340
Salt Creek Park District	3,830,000	33.465%	1,281,710
Total Overlapping Debt	6,771,016,297		208,537,889
Total Direct and Overlapping Debt	\$ 6,812,406,297		\$ 249,927,889

(1) 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 2013 Equalized Assessed Valuations.

Data Source: Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Legal Debt Margin

April 30, 2014 (Unaudited)

The Village is a home rule municipality.

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

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

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Pledged-Revenue Coverage - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

Fiscal Year	Water		
	Water Charges and Other	Less Operating Expenses	Net Available Revenue
2005	\$ 12,133,682	\$ 10,093,125	\$ 2,040,557
2006	13,557,070	11,299,702	2,257,368
2007	12,955,422	13,555,956	(600,534)
2008*	13,055,726	12,578,288	477,438
2009	12,085,784	12,852,717	(766,933)
2010	12,110,994	12,734,290	(623,296)
2011	12,888,535	13,750,981	(862,446)
2012	13,130,609	13,483,848	(353,239)
2013	14,517,362	14,331,095	186,267
2014	14,242,813	14,178,337	64,476

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.

Bonds			Special Assessment Bonds and/or Vouchers				
Debt Service			Current Special Assessment Billed	Debt Service			
Principal	Interest	Coverage		Principal	Interest	Coverage	
\$ 290,000	\$ 57,250	\$ 5.88	\$ 51,942	\$ 119,996	\$ 3,346	\$ 0.42	
280,000	55,003	6.74	38,109	83,182	-	0.46	
295,000	42,357	(1.78)	32,456	47,474	-	0.68	
300,000	10,371	1.54	156,014	3,099,585	2,353	0.05	
-	-	-	86,516	175,605	20,865	0.44	
-	-	-	42,493	132,546	11,941	0.29	
-	-	-	35,447	-	-	-	
-	-	-	30,650	-	-	-	
-	-	-	27,292	-	-	-	
-	-	-	23,027	-	-	-	

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2014 (Unaudited)

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(2) Unemployment Rate
2005	76,943	\$ 2,580,975,992	\$ 33,544	4.50%
2006	76,943	2,580,975,992	33,544	3.20%
2007	76,943	2,580,975,992	33,544	3.50%
2008	76,943	2,580,975,992	33,544	4.30%
2009	76,943	2,580,975,992	33,544	7.60%
2010	75,101	3,024,842,977	40,277	7.40%
2011	75,101	3,024,842,977	40,277	7.20%
2012	75,101	3,024,842,977	40,277	6.60%
2013	75,101	3,024,842,977	40,277	7.60%
2014	75,101	3,024,842,977	40,277	7.20%

*

* Unemployment rate (not seasonally adjusted) through July 2014.

Data Sources:

- (1) U.S. Bureau of the Census
- (2) Illinois Department of Employment Security

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
April 30, 2014 (Unaudited)**

Employer	2014			2005		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Arlington International Racecourse (Seasonal)	4500	1	5.99%	3,100	2	7.78%
Northwest Community Healthcare	3617	2	4.82%	3,000	3	7.53%
Arlington Heights High School District #214	1670	3	2.22%	1,520	4	3.81%
Nokia Siemens Networks	1267	4	1.69%			
Lutheran Home	800	5	1.07%	450	9	1.13%
Alexian Brothers Health System	500	6	0.67%			
Paddock Publications	500	7	0.67%	550	6	1.38%
Clearbrook	450	8	0.60%			
Kroeschell Inc	450	9	0.60%			
Village of Arlington Heights	427	10	0.57%	465	8	1.17%
Motorola Inc. - Cellular Phone Division				5,500	1	13.80%
Ameritech/IBM				900	5	2.26%
Market Facts				500	7	1.25%
Arlington Park Hilton				400	10	1.00%
	<u>14,181</u>		<u>18.88%</u>	<u>16,385</u>		<u>41.11%</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
April 30, 2014 (Unaudited)**

Function/Program	2005	2006	2007
General Government			
Manager's Office	5.50	5.50	5.50
Human Resources	4.50	4.50	4.50
Legal	3.50	3.50	3.50
Finance	20.50	20.50	19.00
Village Clerk	1.50	1.50	1.50
IT	7.00	7.00	6.00
GIS	2.00	2.00	1.00
Buildings and Grounds	7.00	7.00	7.00
Public Safety			
Police			
Officers	113.00	113.00	113.00
Civilian	37.00	37.00	37.00
Fire			
Firefighters and Officers	102.00	103.00	102.00
Civilian	3.50	3.50	3.50
Community Development			
Planning and Community Development	11.50	11.50	11.50
Building	19.00	18.00	18.00
Engineering	13.00	13.00	13.00
Health and Welfare			
Health Services	11.00	11.00	11.00
Youth Services	3.00	3.50	3.50
Senior Services	4.50	4.50	4.50
Highways and Streets			
Public Works	42.50	42.00	42.00
Other Public Works			
Water Utility Operations	41.00	41.00	41.00
Fleet Services	11.00	11.50	10.50
Total	463.50	464.00	458.50

Data Source: Village Budget

2008	2009	2010	2011	2012	2013	2014
5.50	6.50	6.50	6.00	6.00	6.00	6.00
4.50	4.50	4.50	4.00	4.00	4.00	4.00
3.50	3.25	3.25	2.75	2.75	2.75	2.75
19.00	19.00	17.50	16.50	17.50	17.50	17.50
1.50	1.50	1.50	1.50	-	-	-
6.00	6.00	6.00	6.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
7.00	8.00	7.00	7.00	7.00	-	-
113.00	114.00	114.00	109.00	109.00	109.00	109.00
37.00	36.00	34.00	31.00	30.00	30.00	30.00
111.00	111.00	111.00	108.00	108.00	108.00	108.00
3.50	3.50	2.50	2.50	2.50	2.50	2.50
11.75	11.75	11.25	9.00	9.00	9.00	9.00
18.50	19.50	18.50	17.50	16.00	16.00	16.00
13.00	13.00	12.00	10.00	10.00	10.00	10.00
11.00	11.00	11.00	10.00	9.50	9.50	9.50
3.50	3.50	3.50	-	-	-	-
4.50	4.75	3.75	3.75	3.75	3.50	3.50
42.00	42.25	42.25	37.25	35.25	42.25	42.25
41.00	41.25	41.25	41.25	40.25	40.75	40.75
10.50	10.50	10.50	10.50	10.50	10.50	10.50
468.25	471.75	462.75	434.50	427.00	427.25	427.25

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

Function/Program	2005	2006	2007
Public Safety			
Police			
Service Calls	30,128	39,997	29,882
Total Crime Reported	5,347	5,076	4,580
Arrests	1,993	2,139	1,486
Citations Issued	35,459	35,739	32,339
Fire			
Service Calls (EMS)	5,908	6,078	6,233
Service Calls (Non-EMS)	3,131	2,930	3,415
Public Works			
Snow Removal (Miles)	37,089	27,089	75,529
Streets Resurfaced (Miles)	8.30	7.11	6.32
Water			
Water Main Breaks	309	162	173
Sewer Repairs	36	18	22
Average Daily Consumption	8.70 MGD	8.70 MGD	8.70 MGD

Data Source: Various Village Departments

* Through June 2014

MGD - Millions Gallons Daily

2008	2009	2010	2011	2012	2013*	2014
29,613	28,074	26,221	26,211	25,425	11,569	23,678
5,193	4,550	3,694	3,815	3,232	1,111	2,270
1,475	1,381	1,309	1,171	1,089	1,006	1,073
33,018	29,443	24,593	26,443	28,956	15,918	27,584
6,588	6,318	6,387	6,718	6,688	3,283	6,667
3,396	3,198	3,201	3,576	3,349	1,559	3,266
97,185	61,049	53,418	53,188	51,795	24,843	91,651
8.09	8.00	8.52	8.40	9.54	1.60	8.10
174	145	284	247	363	100	244
23	24	16	26	13	5	28
8.70 MGD						

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
April 30, 2014 (Unaudited)**

Function/Program	2005	2006	2007	2008
Public Safety				
Police				
Police Stations	1	1	1	1
Marked Police Vehicles	41	38	38	48
Unmarked Police Vehicles	12	14	16	10
Police Motorcycles	4	4	4	4
Fire				
Fire Stations	4	4	4	4
Fire Pumpers	6	6	6	7
Fire Ladder Trucks	2	2	2	2
Rescue Squads	4	4	4	4
Ambulances	6	6	6	6
Utility Vehicles	1	-	-	-
Boats with Trailer	1	1	1	1
TRS Rescue Trailers	1	1	1	1
Public Education Trailers	1	1	1	1
Hazardous Material Vehicles	1	1	1	1
Administrative Vehicles	8	8	8	9
Public Works				
Streets (Miles)	223	223	229	229
Streetlights	3,196	3,196	3,207	3,207
Traffic Signals	9,781	9,781	9,784	9,784
Water				
Water Mains (Miles)	250	252	252	252
Fire Hydrants	2,704	2,732	2,732	2,732
Storage Capacity (Gallons)	31,000,000	31,000,000	31,000,000	31,000,000
Wastewater				
Sanitary Sewers (Miles)	225	226	226	226
Storm Sewers (Miles)	161	162	162	162

Data Source: Various Village Departments

2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
48	49	45	45	44	44
14	14	13	17	17	17
4	4	4	4	4	4
4	4	4	4	4	4
7	6	6	6	6	6
2	2	2	2	2	2
4	3	4	4	4	4
6	6	6	6	6	6
-	-	-	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
10	11	9	9	9	7
229	229	230	230	230	230
3,207	3,207	3,212	3,212	3,212	3,212
9,784	9,784	9,784	9,784	9,784	9,784
252	252	253	253	253	253
2,732	2,732	2,740	2,740	2,740	2,740
31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000
226	226	227	227	227	227
162	162	163	163	163	163