

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Year Ended April 30, 2015



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

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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, 2015

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

Randall Recklaus, Village Manager

Mark Burkland, Village Attorney

Rebecca Hume, Village Clerk

Diana Mikula, Assistant Village Manager

Mary Rath, Director of Human Services

Robin Ward, In-House 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

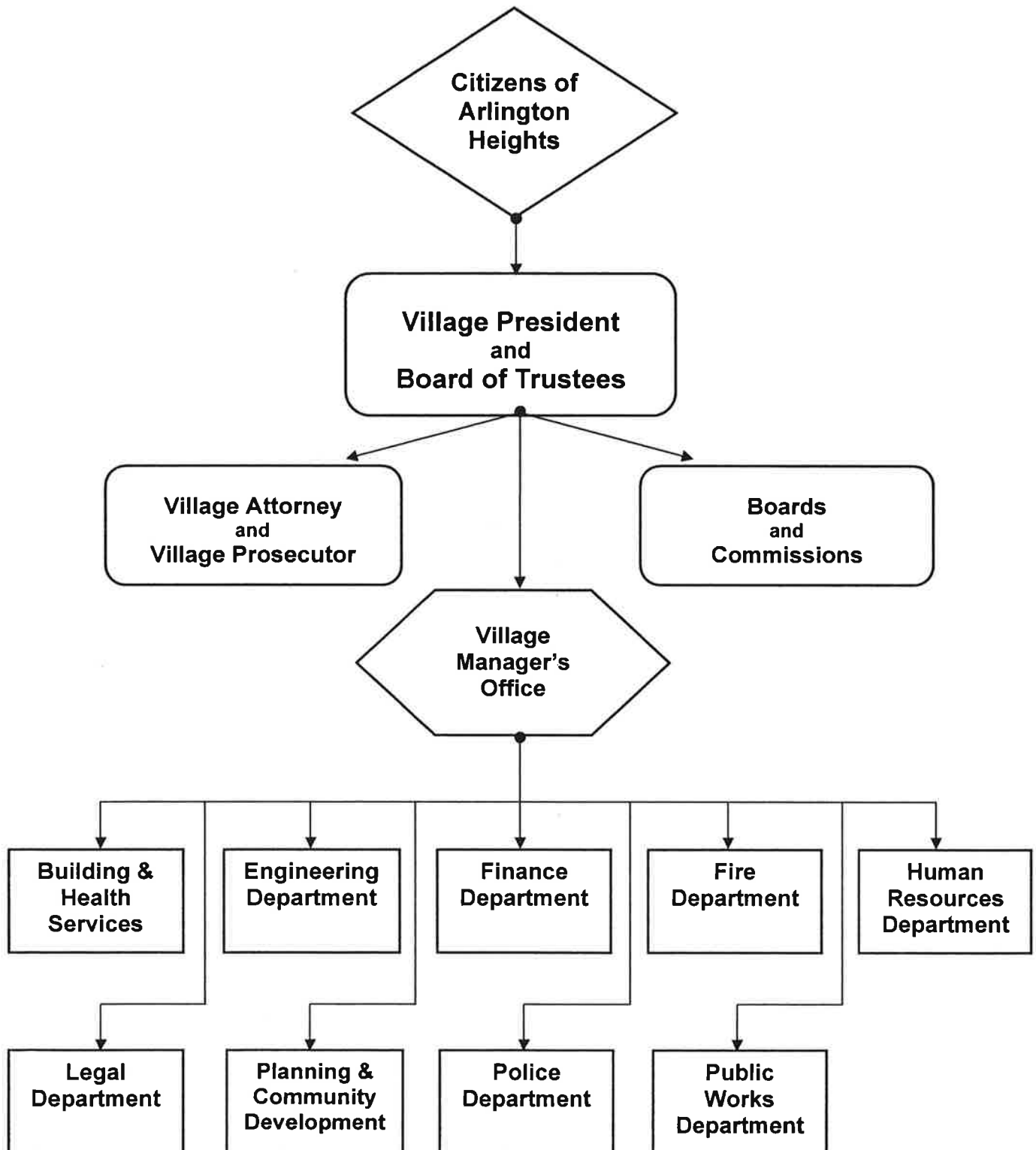
James McCalister, Director of Building and Health Services

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 14, 2015

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, 2015, 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, 2015, 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, 2015, 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 69% residential and 31% 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 35.6% 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 FY2015. The Village's ongoing economic strength is demonstrated by new businesses that continue to open in the Village. These include the opening of the Napleton Jeep Chrysler car dealership and numerous restaurants. A new Arlington Lexus car dealership is also scheduled to open during the next fiscal year. This will be the largest Lexus dealership in the country and will include a number of customer service offerings that are unique to the industry including a workout facility and a small movie theater. The former 400-room Sheraton Chicago Northwest Hotel just west of Arlington International Racecourse closed in 2009 and is now the site of a \$250 million multiuse redevelopment called Arlington Downs. The site includes the recently opened luxury apartments in the existing building that was completely gutted and redeveloped, plans for an expanded water park, future restaurants and retail shops, and a new separate hotel building located within the planned unit development. The Arlington Downs development is expected to be fully 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 \$7.4 million was spent on the ongoing street resurfacing and street reconstruction programs.
- \$1.02 million 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 \$2.6 million toward the replacement of Village vehicles, as well as \$335,000 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 is 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 to lower than projected expenditures for the year and improved sales, home-rule sales, income, and food & beverage taxes all coming in higher than budgeted. The revenue increases were built into the following year's budget projections, but the one-year surplus was designated by the Village Board to be used for additional street work. As of the end of FY2015, the large one-time surplus in the General Fund allowed for transfers of \$2 million each to the Village's Capital Projects and Motor Fuel Tax Funds to cover additional street resurfacing and reconstruction projects.

During FY2015 the Village Board unanimously approved changing the Village's fiscal year-end from April 30th to a calendar year-end of December 31st. One of the key reasons for this change was to align the budget and property tax levy processes, with the intent of making the tax levy process less confusing for interested parties. As a result of this change in fiscal year the Village will be using an eight-month transition year starting on May 1, 2015 and ending on December 31, 2015. The Village's first calendar year period will start on January 1, 2016.

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 .27% for the Village, and actuarial yields as of May 1, 2015 of 8.43% for the Police Pension Fund, and 9.31% 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, 2015 reflects funding levels of 74% for the Police Pension Fund and 67% 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, 2014 reflects a funding level of 73%. 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, 2014. This was the twenty-fifth 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 fluid and cursive, with the first name "Thomas" being the most prominent part.

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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

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



INDEPENDENT AUDITORS' REPORT

August 14, 2015

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

Report on the Financial Statements

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, 2015, 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, 2015, 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

Required Supplementary Information

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 budgetary comparison 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 budgetary comparison 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 budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters – Continued

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 14, 2015, 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.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

The Village of Arlington Heights (the "Village") management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and, (5) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on Page iv) and the Village's financial statements (beginning on Page 4).

Financial Highlights

- The Village's total net position increased by \$4.2 million or 2.0% during the fiscal year ending April 30, 2015. The governmental net position increased by \$6.1 million and the business-type activities net position decreased by \$1.9 million.
- The Village's combined Governmental Funds ending fund balance increased \$8.4 million as of April 30, 2015.
- At the end of the current fiscal year, the unrestricted fund balance for the General Fund was \$24,127,262 or 35.6% 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

(See independent auditor's report.)

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

Fund Financial Statements presentation more familiar. The focus is now on major funds, rather than fund types. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

The Governmental Major Fund presentation (see Pages 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 20-73 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 74-85 of this report. The combining and individual fund statements for the

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

governmental, enterprise and internal service funds are presented on Pages 86-147 of this report, immediately following the required supplementary information.

Infrastructure Assets

The Village depreciates its assets (infrastructure – roads, bridges, storm sewers, etc.) over their useful life. If a road project is considered a recurring cost that does not extend the road's original useful life or expand its capacity, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The Village's combined net position increased by \$4.2 million from FY2014, increasing from \$243.0 million to \$247.2 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 \$6.1 million from \$189.4 million to \$195.5 million. The business-type activities net position decreased by \$1.9 million from \$53.6 million to \$51.7 million. Table 1 reflects the condensed Statement of Net Position compared to FY2014. 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, 2015
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets						
Current & Other Assets	\$ 122.5	\$ 116.6	\$ 23.9	\$ 24.4	\$ 146.4	\$ 141.0
Capital Assets	169.3	168.1	28.9	30.3	198.2	198.4
Total Assets	291.8	284.7	52.8	54.7	344.6	339.4
Deferred Outflows of Resources	1.6	1.9	0.0	0.0	1.6	1.9
Liabilities						
Current Liabilities	19.2	20.7	0.5	0.6	19.7	21.3
Long-Term Liabilities	46.3	44.0	0.6	0.5	46.9	44.5
Total Liabilities	65.5	64.7	1.1	1.1	66.6	65.8
Deferred Inflows of Resources	32.5	32.5	0.0	0.0	32.5	32.5
Net Position						
Net Investment in Capital Assets	126.9	127.4	28.9	30.3	155.8	157.7
Restricted	24.0	16.8	0.0	0.0	24.0	16.8
Unrestricted	44.6	45.2	22.8	23.3	67.4	68.5
Total Net Position	\$ 195.5	\$ 189.4	\$ 51.7	\$ 53.6	\$ 247.2	\$ 243.0

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 net investment in capital assets.

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 net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts on Net Position

The Village's \$4.2 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$6.1 million and the business-type activities net position decreasing \$1.9 million. The governmental activities total assets increased by \$7.1 million and the governmental activities total liabilities and deferred inflows of resources increased by \$715,000.

The governmental activities total assets increase of \$7.1 million is due to a \$5.9 million increase in current assets and a \$1.2 million increase in capital assets. The Village's public buildings and vehicles are depreciated over time which decreases capital assets. However, this depreciation was offset by increases in the governmental activity capital assets due to additions of a right-of-way dedication of \$158,700 from Kondilis Subdivision along with increases of infrastructure from Street and Sidewalk Rehabilitation of \$3.6 million. Infrastructure increases resulted from \$330,000 expended on sidewalk and curb replacement combined with \$3.3 million expended for streets which included the Northwest Highway/Davis/Arthur Intersection project. The governmental activities cash position increased by about \$6.7 million from operating surpluses. The Governmental Activities' property tax receivables shows a decrease of about \$560,000 over the prior period, and other receivables increased by about \$400,000 for this same period. Prepaid/inventories decreased by about \$954,000 as of the end of FY2015 due to delivery of a fire ladder truck and ambulance.

Total governmental activity liabilities increased by \$700,000 compared to the prior year. Current liabilities decreased by about \$1.5 million primarily from recognition of revenue that was previously recorded in the deferred revenue liability account in the Criminal Investigations Fund and re-classed to a revenue account. The re-class was due to a policy change within the Department of Justice, which oversees the accounting and distribution of the seized funds. Accounts Payable decreased about \$500,000 mainly due to a reduction of accruals of approximately \$286,000 in the General Fund and a \$350,000 decrease in the Capital Projects Fund. These decreases were offset by an increase in long-term liabilities primarily from the Village's General Bonds Payable indebtedness \$1.3 million. In addition, there was an increase in the long-term liabilities of Compensated Absences of \$600,000. The Net Pension Obligation did decrease \$85,000 from the annual contributions that were made being greater than the annual pension cost as of the end of FY2015.

(See independent auditor's report.)

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

The Village's other post-employment benefits (OPEB) obligation increased by about \$360,000, 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 mandated by the State. The Village's implicit OPEB liability arises from implicit rate subsidies under which health care premiums are typically based on a blended premium for active employees and retirees. Under the Village's current benefit package, retirees can participate in the Village's health care plan, but must pay 100% of the premium. However, as retiree costs are actuarially more significant than active employee's health care costs, the Village implicitly subsidizes the retiree rates. On a bi-annual basis, the Village must hire an actuary to calculate the value of the explicit OPEB cost and implicit subsidy.

Deferred inflows of resources includes the 2014 property tax levy and property tax increment monies from the Village's tax increment financing districts that were levied during FY2015, but are now reported as deferred inflows of resources which reflect unavailable revenue from property taxes. At the start of year ending December 31, 2015, 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 \$1.9 million from \$54.7 million to \$52.8 million. This was due to a \$.4 million decrease in current assets, a \$.1 million decrease in Deposit with Joint Venture along with a \$1.4 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 \$1.3 million, from a \$5.5 million increase to a \$4.2 million increase in FY2015. The Village's total revenue increased by \$2.1 million. The Village's cost of all programs increased by \$3.5 million. The following table shows the condensed revenues and expenses of the Village's activities:

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

Table 2: Changes in Net Position for the FY Ended April 30, 2015
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenue						
Program Revenues						
Charges for Services	\$ 11.9	\$ 12.0	\$ 15.9	\$ 16.0	\$ 27.8	\$ 28.0
Operating Grants	4.7	2.8	0.0	0.0	4.7	2.8
Capital Grants	0.1	1.5	0.0	0.0	0.1	1.5
General Revenues						
Property Taxes & Replacement Taxes	32.1	31.1	0.0	0.0	32.1	31.1
Other Taxes	40.5	39.5	0.5	0.4	41.0	39.9
Other Revenue	1.3	1.8	0.2	0.0	1.5	1.8
Total Revenues	\$ 90.6	\$ 88.7	\$ 16.6	\$ 16.4	\$ 107.2	\$ 105.1
Expenses						
Governmental Activities						
General Government	7.0	5.2	0.0	0.0	7.0	5.2
Public Safety	44.8	43.9	0.0	0.0	44.8	43.9
Highways & Streets	23.0	23.5	0.0	0.0	23.0	23.5
Community Development	5.9	5.3	0.0	0.0	5.9	5.3
Health & Welfare	2.3	2.6	0.0	0.0	2.3	2.6
Interest	1.5	1.6	0.0	0.0	1.5	1.6
Business Type						
Water & Sewer	0.0	0.0	16.2	15.5	16.2	15.5
Solid Waste Disposal	0.0	0.0	1.3	1.2	1.3	1.2
Arts, Ent. & Events	0.0	0.0	1.0	0.7	1.0	0.7
Total Expenses	\$ 84.5	\$ 82.1	\$ 18.5	\$ 17.4	\$ 103.0	\$ 99.5
Change in Net Position	6.1	6.6	(1.9)	(1.1)	4.2	5.5
Ending Net Position	\$ 195.4	\$ 189.4	\$ 51.7	\$ 53.6	\$ 247.2	\$ 243.0

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.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

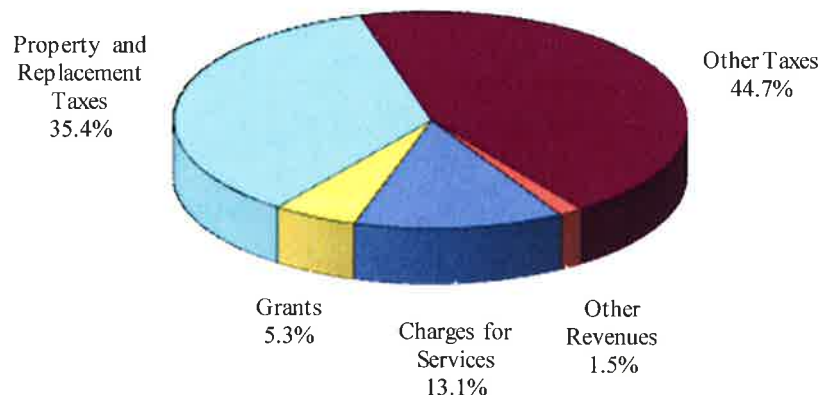
Inflation – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts

Governmental Activities

Revenues:

**FY2015 Governmental Activities
Revenues by Source**



For the fiscal year ended April 30, 2015, revenues from Governmental Activities totaled \$90.5 million, which was \$1.8 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 \$32.1 million and representing 35.4% of total Government Activity revenue. This includes property tax increment revenue generated by the Village's tax increment financing (TIF) districts, which brought in \$766,000 during the fiscal year. Property tax receipts increased about \$900,000 compared to the prior fiscal year. This is a result of an overall increase of tax receipts during the year for General 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 \$40.4 million representing 44.7% of the total Governmental Activity revenue. Village sales tax receipts increased by about \$.6 million or 5% higher than the prior fiscal year. Income tax receipts came in slightly higher than last year, increasing by about \$37,000. Telecommunication tax receipts decreased by about

(See independent auditor's report.)

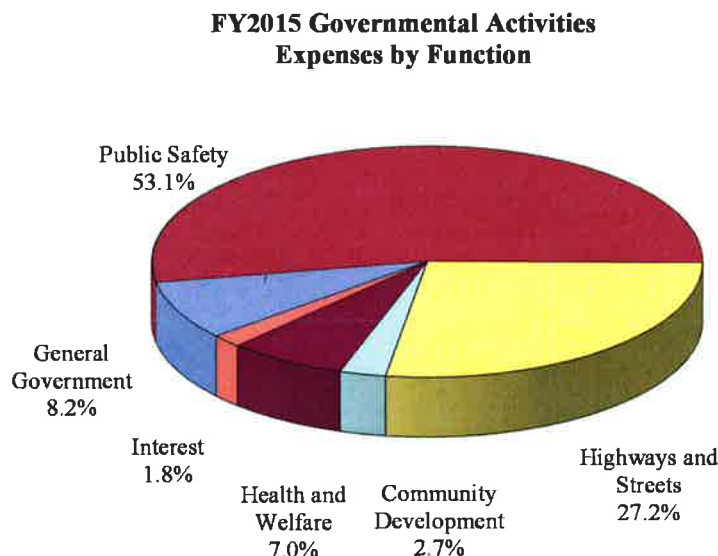
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

\$44,000 or 1%. Electric and natural gas utility tax receipts decreased by about \$300,000 due to lower than normal use during the later months of FY2015.

Charges for Services came in at \$11.9 million or 13.1% 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 \$115,000 or 1% mainly due to decreased building permit fees compared to the prior year.

Grants increased by about \$500,000 over the prior year. This increase is due to primarily to revenue recognized from seizures from the Department of Justice of \$1.6 million. However, this increase was offset by a decrease of grants from the State of Illinois in Highways and Streets for road work compared to the previous year.

Expenses:



For the fiscal year ended April 30, 2015, expenses from Governmental Activities totaled \$84.5 million, an increase of \$2.4 million or 2.9% over the prior year. General Government expenses increased from the prior year by \$1.8 million. This included the Illinois Metropolitan Investment Fund (IMET) loss expense incurred of \$.5 million. IMET is an intergovernmental investment fund of which the Village is a member. The fund provides a pooled short term investment option for local governments. During FY2015 one of IMET's investments was subjected to a potential loss due to a fraud perpetrated by a firm in which IMET holds a portion of its investment portfolio. Efforts to recoup these losses are ongoing, but to be conservative the Village booked a 50% loss on its proportional share of this IMET investment. If assets above this amount are recovered in the future, the Village would recognize this as additional revenue at that time. There was an additional increase of expenses of \$1.3 million from Compensated Absences, Other Post Employment Benefit Obligations and the combined costs from the issuance of long term debt and capital expenditures.

Public Safety expenses increased by \$.9 million 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.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Business-Type Activities

Revenues:

The total revenue for the business-type activities increased by \$.3 million. Water and sewer rates were increased five percent per the Village's five-year rate plan. However, normal summer weather conditions in 2014 and lower water usage by residents and businesses resulted in water revenues coming in \$410,000 lower than the prior year. Although, this water revenue decrease was offset by an increase of sewer charges of \$274,000, a one-time Northwest Water Commission Rebate of \$280,000 and additional water connection fees of \$56,000. The Solid Waste Agency fees for Multi-family increased \$148,000.

Expenses:

Expenses from business-type activities increased by about \$1.1 million compared to the prior year. Water & Sewer Fund personal and contract services expenses increased by about \$200,000, in addition capital outlay expenses were \$440,000 higher than the prior year. FY2015 included expenses for the water tank repainting program and the sewer and watermain replacement program. A, E & E Fund expenses increased by about \$300,000 in FY2015 primarily due to one-time costs associated with the Metropolis Theater.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

At April 30, 2015 the Governmental Funds (as presented on Pages 8-13) reported a combined fund balance of \$59,527,303, which is a 16% increase from the beginning of the year balance of \$51,161,403. Of the total fund balance, \$23,252,947 is unrestricted and unassigned indicating availability for continuing Village services. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Restricted fund balance reflects amounts that can be spent only for specific purposes stipulated by creditors, grantors, contributors, or imposed by law through enabling legislation adopted by the Village. Restricted fund balances totaling \$24,540,110 include \$1,586,085 for debt service, \$10,328,629 for capital projects, \$2,396,450 for public safety (Foreign Fire Insurance and Drug Forfeiture Funds), \$3,339,943 for highways and streets (MFT Fund), and \$3,688,740 for community development (TIF Funds), and \$3,200,263 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 \$11,145,124 include \$4,074,615 for public parking, \$1,355,436 for public buildings, \$4,840,758 for emerald ash borer purposes, and \$874,315 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 \$307,386 or 1.3% over FY2014. Revenues came in over expenditures by \$4,307,386. There were one-time transfers out totaling \$4 million with \$2,000,000 to the Capital Projects Fund and \$2,000,000 to the MFT Fund for additional street resurfacing and reconstruction.

Proprietary Funds

At April 30, 2015 the Proprietary Funds (as presented on Pages 14-17) total net position decreased by \$1,881,398 or 3.5%. Accumulated depreciation increased by \$1.4 million and depreciable assets increased by \$21,000.

In the Water & Sewer Fund cash and investments and customer receivables decreased by \$531,800 due to planned expenses coming in higher than revenues. Solid Waste Disposal Fund cash and investments increased by \$474,000. In the A, E & E Fund cash and investments decreased 369,000 due to one-time payments to Performing Arts at Metropolis (PAM). Other receivables and current liabilities in the A, E & E Fund decreased by \$87,775 to reflect payment of the common area maintenance charges.

(See independent auditor's report.)

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3: General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual
Revenues	\$ 69,887,100	\$ 69,926,242	\$ 72,033,672
Expenditures	69,527,100	69,781,597	67,726,286
Excess of Revenues			
Over Expenditures	\$ 360,000	\$ 144,645	\$ 4,307,386
Other Financing Sources (Uses)	(360,000)	(4,360,000)	(4,000,000)
Net Changes in Fund Balance	\$ -	\$ (4,215,355)	\$ 307,386

Over the course of the fiscal year, as shown on page 85 the Village amended the General Fund expenditure budget at various times for a total of \$254,497, or .4% over the original budget. The expenditure budget amendments can be summarized as follows:

\$ 246,327	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>8,170</u>	Miscellaneous budget amendments.
<u>\$ 254,497</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:

2,000,000	Transfer to the Capital Projects Fund.
<u>2,000,000</u>	Transfer to the MFT Fund
<u>\$ 4,000,000</u>	Total General Fund Other Financing Sources (Uses) budget amendments.

General Fund revenues ended the fiscal year positively with \$2,107,430 more than the final budget. Sales, home rule sales, and State use tax receipts came in a combined \$1,718,000 over budget. Income tax receipts exceeded the budget by \$228,000. Food and Beverage Tax came in over budget by \$129,000. Cable Franchise fees outperformed the budget by \$87,000. Electric utility tax receipts came in \$209,000 under budget, but natural gas utility tax receipts outperformed the budget by \$164,000 due to the unusually cold winter weather in FY2015. Building permit revenue came in over budget by \$60,000. Telecommunications tax receipts and ambulance service charges came in under budget by \$300,000 and \$54,000 respectively.

The year-end results for General Fund expenditures were also positive as expenditures came in under budget by \$2,055,311. Of this amount salary and fringe expenditures for Police Officers came in under budget by about \$445,000 due to normal vacancies and temporary workers' compensation related vacancies. There were also a number of vacancies in the Village Manager, Finance, Public Works, Planning, Building & Health Departments that resulted in wages and fringes coming in under budget in these departments by a combined \$500,000. The Legal Department spent \$35,000 less on the Village Attorney Retainer and Legal Services than budgeted. Police and Fire clothing, fuel and small tools came in under budget by a combined \$173,000. Engineering was under budget \$70,000 mainly due to decreased expenditures in the Professional Services account. The Planning Department's Contractual services were \$35,000 under budget primarily from the Comprehensive Plan Update being rebudgeted to the next year. Other expenditures came in under budget by a combined \$81,000 due to decreased spending in the Promote Economic Business Development and Discover Arlington accounts. The Building Department also came in \$25,000 under budget in Contractual Services mainly due to funds that were allocated for court-mandated emergency property maintenance and clean-up efforts for uninhabitable homes that were not required this year and less was spent on counseling Services.

(See independent auditor's report.)

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

The Public Works Department also came in under budget by \$355,000 for contractual services and commodities. These under budget expenditure areas include accounts for building maintenance, equipment rental, disposal services, and street and sidewalk supplies. Other Village expenditures came in under budget including the unused budgeted contingency amount of \$271,000.

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 \$2,000,000 to the MFT Fund and \$2,000,000 to the Capital Projects Fund for additional street reconstruction and resurfacing. The General Fund's total net change in fund balance increased by \$307,386 as a result of revenues coming in over expenditures by \$4,307,000 net of other financing sources (uses) totaling (\$4,000,000).

CAPITAL ASSETS

At the end of FY2015, the Village had a combined total of \$198.2 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 39-40 in the Notes to the Financial Statements. Table 4 shows that total capital assets had a net decrease (including additions and deletions) of \$237,000. 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	
	2015	2014	2015	2014	2015	2014
Land	\$13.54	\$13.54	\$3.12	\$3.12	\$16.66	\$16.66
Land Right-of-Way (ROW)	73.89	73.74	--	--	73.89	73.74
Construction in Progress	0.00	0.64	--	--	0.00	0.64
Building	63.09	65.42	10.23	10.64	73.32	76.06
Machinery & Equipment	8.80	7.83	2.11	2.31	10.91	10.14
Infrastructure (Streets)	9.99	6.98	--	--	9.99	6.98
Underground Systems (Water & Sewer)	--	--	13.43	14.22	13.43	14.22
Total Capital Assets, Net	\$169.31	\$168.15	\$28.89	\$30.29	\$198.20	\$198.44

(See independent auditor's report.)

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

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$168.15	\$30.29	\$198.44
Additions			
Depreciable	6.06	0.02	6.08
Non-Depreciable	0.16	-	0.16
CIP	-	-	-
Retirements			
Depreciable	(2.24)	-	(2.24)
Non-Depreciable	-	-	-
CIP	(0.64)	-	(0.64)
Depreciation	(4.37)	(1.42)	(5.79)
Retirement	2.19	-	2.19
Ending Balance	\$169.31	\$28.89	\$198.20

The governmental activities net capital assets increased by \$1,162,000 or .1% due to the right of way dedication of \$159,000 from the Kondilis Subdivision, and the addition of infrastructure from streets of \$3,675,000 and Equipment and Vehicles of \$2,255,000, including a Fire Ladder Truck for \$1,018,000 and an ambulance for \$235,000. These additions are netted against Depreciation Expense of \$4,366,000 million. For business-type activities, the capital assets net of depreciation decreased by \$1.40 million or 4.6% due primarily to depreciation on existing assets.

DEBT OUTSTANDING

As of April 30, 2015 total General Obligation Bonds outstanding for governmental activities amounted to \$42.5 million. Of this amount, \$30.1 million for reconstruction of public buildings, \$.9 million for TIF projects, \$2.0 million for the NWCDS building, \$.6 million for the Senior Center, \$7.6 million is for road improvements, and \$1.3 million is for other miscellaneous purposes. 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 2014 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 42-46.

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 five 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 14, 2015, the last day of fieldwork for the audit, the Village's revenue and expenditure budget assumptions for the period ending December 31, 2015 are continuing to come in better than expected.

(See independent auditor's report.)

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

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, and 33 S. Arlington Heights Road, Arlington Heights, IL 60005.

(See independent auditor's report.)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

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, 2015

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position April 30, 2015

	Governmental Activities	Business- Type Activities	Totals	Component Unit Arlington Heights Memorial Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 87,350,409	\$ 6,555,476	\$ 93,905,885	\$ 16,339,075
Receivables - Net of Allowances				
Property Taxes	15,426,853	-	15,426,853	6,478,915
Other Taxes	7,167,190	-	7,167,190	-
Accounts	5,024,820	1,774,309	6,799,129	88,913
Accrued Interest	50,549	4,706	55,255	9,209
Other	5,238,174	98,606	5,336,780	-
Prepays/Inventories	1,116,976	809,899	1,926,875	236,195
Total Current Assets	121,374,971	9,242,996	130,617,967	23,152,307
Noncurrent Assets				
Capital Assets				
Nondepreciable	87,435,885	3,124,150	90,560,035	213,408
Depreciable	175,211,957	101,391,220	276,603,177	18,209,345
Accumulated Depreciation	(93,330,795)	(75,625,969)	(168,956,764)	(10,488,621)
	169,317,047	28,889,401	198,206,448	7,934,132
Other Assets				
Deposit with Joint Venture	-	14,695,560	14,695,560	-
Net Pension Asset	1,145,689	-	1,145,689	-
	1,145,689	14,695,560	15,841,249	-
Total Noncurrent Assets	170,462,736	43,584,961	214,047,697	7,934,132
Total Assets	291,837,707	52,827,957	344,665,664	31,086,439
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Loss on Refunding	1,597,730	-	1,597,730	-
Total Assets and Deferred Outflows of Resources	293,435,437	52,827,957	346,263,394	31,086,439

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	\$ 3,846,489	\$ 261,505	\$ 4,107,994	\$ 285,102
Accrued Payroll	954,689	160,086	1,114,775	313,094
Accrued Interest	596,678	-	596,678	-
Claims Payable	3,470,438	-	3,470,438	-
Other Payables	2,267,481	7,000	2,274,481	94,715
Due to Other Governments	428,270	-	428,270	-
Current Portion of				
Long-Term Liabilities	7,603,354	103,607	7,706,961	54,871
Total Current Liabilities	19,167,399	532,198	19,699,597	747,782
Noncurrent Liabilities				
Compensated Absences Payable	3,486,273	414,430	3,900,703	219,482
Net Pension Obligation	1,238,300	-	1,238,300	-
Net Other Post-Employment				
Benefits Obligation Payable	4,281,451	188,114	4,469,565	469,065
General Obligation				
Bonds Payable - Net	37,254,248	-	37,254,248	-
Total Noncurrent Liabilities	46,260,272	602,544	46,862,816	688,547
Total Liabilities	65,427,671	1,134,742	66,562,413	1,436,329
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	32,377,574	-	32,377,574	13,557,583
Grants	130,319	-	130,319	-
Total Deferred Inflows of Resources	32,507,893	-	32,507,893	13,557,583
Total Liabilities and Deferred Inflows of Resources	97,935,564	1,134,742	99,070,306	14,993,912
NET POSITION				
Net Investment in Capital Assets	126,928,744	28,889,401	155,818,145	7,934,132
Restricted - Debt Service	989,407	-	989,407	-
Restricted - Capital Projects	10,328,629	-	10,328,629	-
Restricted - Motor Fuel Taxes	3,339,943	-	3,339,943	-
Restricted - Foreign Fire Insurance	386,461	-	386,461	-
Restricted - Criminal Investigation	2,009,989	-	2,009,989	-
Restricted - Tax Increment Financing	3,688,740	-	3,688,740	-
Restricted - Community Development	3,200,263	-	3,200,263	-
Restricted - Culture, Recreation and Education	-	-	-	8,158,395
Unrestricted	44,627,697	22,803,814	67,431,511	-
Total Net Position	\$ 195,499,873	\$ 51,693,215	\$ 247,193,088	\$ 16,092,527

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, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 6,959,759	\$ 4,129,774	\$ 23,000	\$ -
Public Safety	44,806,959	3,072,951	1,794,720	-
Highways and Streets	22,995,777	3,213,901	2,508,788	133,187
Health and Welfare	2,288,259	43,722	133,108	-
Community Development	5,878,038	1,474,210	202,461	-
Interest on Long-Term Debt	1,532,740	-	-	-
Total Governmental Activities	84,461,532	11,934,558	4,662,077	133,187
Business-Type Activities				
Water and Sewer	16,252,073	14,125,562	-	-
Solid Waste Disposal	1,274,638	1,759,911	-	-
Arts, Entertainment and Events	991,928	54,851	-	-
Total Business-Type Activities	18,518,639	15,940,324	-	-
Total Primary Government	\$ 102,980,171	\$ 27,874,882	\$ 4,662,077	\$ 133,187
Component Unit				
Arlington Heights Memorial Library	\$ 12,816,041	\$ 224,392	\$ 230,626	\$ -

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
\$ (2,806,985)	\$ -	\$ (2,806,985)	\$ -
(39,939,288)	-	(39,939,288)	-
(17,139,901)	-	(17,139,901)	-
(2,111,429)	-	(2,111,429)	-
(4,201,367)	-	(4,201,367)	-
(1,532,740)	-	(1,532,740)	-
(67,731,710)	-	(67,731,710)	-
-	(2,126,511)	(2,126,511)	-
-	485,273	485,273	-
-	(937,077)	(937,077)	-
-	(2,578,315)	(2,578,315)	-
(67,731,710)	(2,578,315)	(70,310,025)	-
-	-	-	(12,361,023)

31,550,695	-	31,550,695	13,274,084
5,499,718	-	5,499,718	-
7,310,625	-	7,310,625	-
2,003,859	498,638	2,502,497	-
1,032,228	-	1,032,228	-
3,199,974	-	3,199,974	-
134,186	-	134,186	-
320,071	-	320,071	-
13,581,254	-	13,581,254	-
454,992	-	454,992	-
7,354,986	-	7,354,986	-
246,993	20,818	267,811	53,784
1,098,755	177,461	1,276,216	9,143
73,788,336	696,917	74,485,253	13,337,011
6,056,626	(1,881,398)	4,175,228	975,988
189,443,247	53,574,613	243,017,860	15,116,539
\$ 195,499,873	\$ 51,693,215	\$ 247,193,088	\$ 16,092,527

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Balance Sheet - Governmental Funds April 30, 2015

	<u>General</u>
ASSETS	
Cash and Investments	\$ 25,398,488
Receivables - Net of Allowances	
Property Taxes	10,555,158
Other Taxes	6,588,983
Accrued Interest	21,295
Other	1,190,632
Due from Other Funds	5,024,820
Prepays/Inventories	<u>189,328</u>
Total Assets	<u>\$ 48,968,704</u>
LIABILITIES	
Accounts Payable	\$ 1,696,238
Accrued Payroll	859,586
Due to Other Governments	-
Other Payables	<u>4,224</u>
Total Liabilities	<u>2,560,048</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	22,092,066
Grants	-
Total Deferred Inflows of Resources	<u>22,092,066</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,652,114</u>
FUND BALANCES	
Nonspendable	189,328
Restricted	-
Assigned	874,315
Unassigned	<u>23,252,947</u>
Total Fund Balances	<u>24,316,590</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,968,704</u>

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

Debt Service	Capital Projects	Nonmajor	Totals
\$ 5,042,173	\$ 10,580,575	\$ 24,605,079	\$ 65,626,315
3,225,882	1,393,468	252,345	15,426,853
-	403,537	174,670	7,167,190
4,289	4,735	9,480	39,799
27,249	1,547,668	2,358,225	5,123,774
-	-	-	5,024,820
-	-	399,794	589,122
<u>\$ 8,299,593</u>	<u>\$ 13,929,983</u>	<u>\$ 27,799,593</u>	<u>\$ 98,997,873</u>
\$ -	\$ 701,354	\$ 984,538	\$ 3,382,130
-	-	25,210	884,796
-	-	428,270	428,270
-	-	2,263,257	2,267,481
-	701,354	3,701,275	6,962,677
6,713,508	2,900,000	672,000	32,377,574
-	-	130,319	130,319
6,713,508	2,900,000	802,319	32,507,893
6,713,508	3,601,354	4,503,594	39,470,570
-	-	399,794	589,122
1,586,085	10,328,629	12,625,396	24,540,110
-	-	10,270,809	11,145,124
-	-	-	23,252,947
1,586,085	10,328,629	23,295,999	59,527,303
<u>\$ 8,299,593</u>	<u>\$ 13,929,983</u>	<u>\$ 27,799,593</u>	<u>\$ 98,997,873</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, 2015

Total Governmental Fund Balances	\$ 59,527,303
 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.	160,907,451
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.	26,376,442
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(4,133,568)
Net Pension Asset	1,145,689
Net Pension Obligation Payable	(1,238,300)
Net Other Post-Employment Benefit Obligation	(4,100,163)
General Obligation Bonds Payable	(42,540,000)
Unamortized Bond Premium	(1,446,033)
Unamortized Loss on Refunding	1,597,730
Accrued Interest Payable	<u>(596,678)</u>
 Net Position of Governmental Activities	 <u>\$ 195,499,873</u>

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, 2015**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2015

	<u>General</u>
Revenues	
Taxes	\$ 38,928,585
Intergovernmental	21,621,147
Charges for Services	4,204,029
Licenses, Permits and Fees	5,862,746
Fines and Forfeitures	690,999
Interest	86,869
Miscellaneous	639,297
Total Revenues	<u>72,033,672</u>
Expenditures	
Current	
General Government	4,432,500
Public Safety	44,318,108
Highways and Streets	11,838,642
Health and Welfare	1,974,146
Community Development	5,162,890
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>67,726,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,307,386</u>
Other Financing Sources (Uses)	
Debt Issuance	-
Premium on Debt Issuance	-
Disposal of Capital Assets	-
Transfers In	-
Transfers Out	(4,000,000)
	<u>(4,000,000)</u>
Net Change in Fund Balances	307,386
Fund Balances - Beginning	<u>24,009,204</u>
Fund Balances - Ending	<u>\$ 24,316,590</u>

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

Debt Service	Capital Projects	Nonmajor	Totals
\$ 6,629,168	\$ 4,593,451	\$ 765,966	\$ 50,917,170
-	133,187	4,566,348	26,320,682
-	-	1,026,578	5,230,607
-	-	-	5,862,746
-	-	113,727	804,726
22,583	14,957	58,206	182,615
275,563	89,218	131,156	1,135,234
6,927,314	4,830,813	6,661,981	90,453,780
30,259	51,494	122,574	4,636,827
-	-	290,968	44,609,076
-	-	1,301,967	13,140,609
-	-	293,873	2,268,019
-	-	306,916	5,469,806
-	5,657,630	6,475,909	12,133,539
6,475,000	-	-	6,475,000
1,362,013	80,536	-	1,442,549
7,867,272	5,789,660	8,792,207	90,175,425
(939,958)	(958,847)	(2,130,226)	278,355
-	7,625,000	-	7,625,000
-	460,605	-	460,605
-	1,940	-	1,940
844,113	2,000,000	6,600,000	9,444,113
-	(4,600,000)	(844,113)	(9,444,113)
844,113	5,487,545	5,755,887	8,087,545
(95,845)	4,528,698	3,625,661	8,365,900
1,681,930	5,799,931	19,670,338	51,161,403
\$ 1,586,085	\$ 10,328,629	\$ 23,295,999	\$ 59,527,303

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 8,365,900
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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	3,683,936
Depreciation Expense	(3,276,672)

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	(734,536)
Deductions to Net Pension Obligation Payable	84,984
Deductions to Net Pension Asset	(56,976)
Additions to Net Other Post-Employment Benefit Obligations	(343,269)
Amortization of Bond Premium	(199,888)
Amortization of Refunding Loss	(319,157)
Issuance of General Obligation Bonds Payable	(7,625,000)
Retirement of General Obligation Bonds Payable	6,475,000

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.

	(31,751)
--	----------

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.

	34,059
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Changes in Net Position of Governmental Activities	\$ 6,056,626
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VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2015

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position - Proprietary Funds April 30, 2015

	Business-Type Activities - Enterprise			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 3,093,727	\$ 3,461,749	\$ 6,555,476	\$ 21,724,094
Receivables - Net of Allowances				
Accounts - Customer	1,774,309	-	1,774,309	-
Accrued Interest	2,502	2,204	4,706	10,750
Other	16,719	81,887	98,606	114,400
Prepays	7,600	110,095	117,695	458,664
Inventories	692,204	-	692,204	69,190
Total Current Assets	5,587,061	3,655,935	9,242,996	22,377,098
Noncurrent Assets				
Capital Assets				
Nondepreciable	2,648,950	475,200	3,124,150	-
Depreciable	98,825,474	2,565,746	101,391,220	18,693,285
Accumulated Depreciation	(74,783,278)	(842,691)	(75,625,969)	(10,283,689)
	26,691,146	2,198,255	28,889,401	8,409,596
Other Assets				
Investment in Joint Venture	14,695,560	-	14,695,560	-
Total Noncurrent Assets	41,386,706	2,198,255	43,584,961	8,409,596
Total Assets	46,973,767	5,854,190	52,827,957	30,786,694

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

	Business-Type Activities - Enterprise			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 255,796	\$ 5,709	\$ 261,505	\$ 464,359
Accrued Payroll	160,086	-	160,086	69,893
Claims Payable	-	-	-	3,470,438
Other Payables	-	7,000	7,000	-
Compensated Absences Payable	103,607	-	103,607	44,855
Total Current Liabilities	519,489	12,709	532,198	4,049,545
Noncurrent Liabilities				
Compensated Absences Payable	414,430	-	414,430	179,419
Net Other Post-Employment Benefits Obligation Payable	188,114	-	188,114	181,288
Total Noncurrent Liabilities	602,544	-	602,544	360,707
Total Liabilities	1,122,033	12,709	1,134,742	4,410,252
NET POSITION				
Investment in Capital Assets	26,691,146	2,198,255	28,889,401	8,409,596
Unrestricted	19,160,588	3,643,226	22,803,814	17,966,846
Total Net Position	\$ 45,851,734	\$ 5,841,481	\$ 51,693,215	\$ 26,376,442

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, 2015

	Business-Type Activities - Enterprise			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 14,020,949	\$ 1,814,762	\$ 15,835,711	\$ 18,551,754
Fines	-	-	-	16,218
Miscellaneous	104,613	-	104,613	441,144
Total Operating Revenues	14,125,562	1,814,762	15,940,324	19,009,116
Operating Expenses				
Operations	14,881,934	2,177,068	17,059,002	18,124,057
Depreciation	1,351,573	68,723	1,420,296	1,089,041
Total Operating Expenses	16,233,507	2,245,791	18,479,298	19,213,098
Operating Income (Loss)	(2,107,945)	(431,029)	(2,538,974)	(203,982)
Nonoperating Revenues (Expenses)				
Food and Beverage Tax	-	498,638	498,638	-
Disposal of Capital Assets	-	-	-	286,512
Interest Income	9,299	11,519	20,818	64,378
Other Income	177,461	-	177,461	-
Other Expenses	(18,566)	(20,775)	(39,341)	(127,038)
	168,194	489,382	657,576	223,852
Income (Loss) Before Contributions and Transfers	(1,939,751)	58,353	(1,881,398)	19,870
Capital Contributions	-	-	-	14,189
Transfers In	-	-	-	835,123
Transfers Out	-	-	-	(835,123)
Change in Net Position	(1,939,751)	58,353	(1,881,398)	34,059
Net Position - Beginning	47,791,485	5,783,128	53,574,613	26,342,383
Net Position - Ending	\$ 45,851,734	\$ 5,841,481	\$ 51,693,215	\$ 26,376,442

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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 14,125,562	\$ 1,814,762	\$ 15,940,324	\$ -
Interfund Services Provided	-	-	-	18,990,869
Payments to Suppliers	(10,643,061)	(2,095,875)	(12,738,936)	(15,907,249)
Payments to Employees	(3,969,574)	(124,169)	(4,093,743)	(1,545,051)
	(487,073)	(405,282)	(892,355)	1,538,569
Cash Flow from Noncapital Financing Activities				
Food and Beverage Tax	-	498,638	498,638	-
Transfers In	-	-	-	835,123
Transfers Out	-	-	-	(835,123)
	-	498,638	498,638	-
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	337,588
Purchase of Capital Assets	(20,995)	-	(20,995)	(1,880,952)
	(20,995)	-	(20,995)	(1,543,364)
Cash Flows from Investing Activities				
Interest Received	9,299	11,519	20,818	64,378
Net Change in Cash and Cash Equivalents	(498,769)	104,875	(393,894)	59,583
Cash and Cash Equivalents - Beginning	3,592,496	3,356,874	6,949,370	21,664,511
Cash and Cash Equivalents - Ending	\$ 3,093,727	\$ 3,461,749	\$ 6,555,476	\$ 21,724,094
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (2,107,945)	\$ (431,029)	\$ (2,538,974)	\$ (203,982)
Adjustments to Reconcile Operating Income Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,351,573	-	1,351,573	1,089,041
Other Income	177,461	68,723	246,184	-
Other Expense	(18,566)	(20,775)	(39,341)	(127,038)
Decrease in Current Assets	62,495	64,948	127,443	682,342
Increase (Decrease) in Current Liabilities	47,909	(87,149)	(39,240)	98,206
Net Cash Provided by Operating Activities	\$ (487,073)	\$ (405,282)	\$ (892,355)	\$ 1,538,569

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, 2015

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 11,579,153	\$ 2,211,543
Investments		
U.S. Treasury and Agency Obligations	51,792,659	-
Corporate Bonds	13,672,405	-
Municipal Bonds	1,949,480	-
Common Stock	7,980,338	-
Mutual Funds	117,498,117	-
Receivables - Net of Allowances		
Accounts	-	50,578
Accrued Interest	536,138	491
Other	1,151	-
Total Assets	<u>205,009,441</u>	<u>\$ 2,262,612</u>
LIABILITIES		
Accounts Payable	12,156	15,789
Deposits Payable	-	2,246,806
Due to Other Funds	5,024,820	-
Other Payables	<u>36,225</u>	<u>17</u>
Total Liabilities	<u>5,073,201</u>	<u>\$ 2,262,612</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>\$ 199,936,240</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, 2015

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 9,536,700
Contributions - Plan Members	1,954,065
Contributions - Other	<u>277,650</u>
Total Contributions	<u>11,768,415</u>
Investment Income	
Interest Earned	4,591,177
Net Change in Fair Value	<u>9,984,605</u>
	14,575,782
Less Investment Expenses	<u>(474,700)</u>
Net Investment Income	<u>14,101,082</u>
Total Additions	<u>25,869,497</u>
Deductions	
Administration	67,769
Benefits and Refunds	<u>11,217,468</u>
Total Deductions	<u>11,285,237</u>
Change in Net Position	14,584,260
Net Position - Beginning	<u>185,351,980</u>
Net Position - Ending	<u>\$ 199,936,240</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, 2015

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, 2015

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, as well as the potential financial burden relationship existing. 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, 2015

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) changes 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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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 prepaids/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 prepaids 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, 2015

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, 2015

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>
Criminal Investigations	\$ 81,493
Municipal Parking Operations	66,716
TIF I South	2,627
Debt Service	29,229
General Liability Insurance	121,795
Firefighters' Pension	12,976

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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 Funds are held separately from those of other Village 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, 2015

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 \$27,181,973 and the bank balances totaled \$46,059,608.

Investments. The Village 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	\$ 24,999,995	\$ 24,999,995	\$ -	\$ -	\$ -
Illinois Funds	13,533,450	13,533,450	-	-	-
IMET	28,190,467	20,196,176	7,994,291	-	-
	<u>\$ 66,723,912</u>	<u>\$ 58,729,621</u>	<u>\$ 7,994,291</u>	<u>\$ -</u>	<u>\$ -</u>

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. The Village's investment in Illinois Funds is rated AAAM by Standard and Poor's, IMET 1-3 Year Fund is rated Aaa by Moody's and the U.S. Treasury Obligations and IMET Convenience Fund are not rated.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

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.

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 \$1,899,266 and the bank balances totaled \$1,799,006.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

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	\$ 33,047,207	\$ 47,558	\$ 13,281,531	\$ 8,650,596	\$ 11,067,522
Illinois Funds	4,801,836	4,801,836	-	-	-
	<u>\$ 37,849,043</u>	<u>\$ 4,849,394</u>	<u>\$ 13,281,531</u>	<u>\$ 8,650,596</u>	<u>\$ 11,067,522</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.

Credit Risk. The Fund's investment policy limits its exposure to credit risk by primarily investment U.S. Treasury obligations were not rated and the investment in Illinois Funds is rated AAAM by Standard and Poor's.

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.

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 \$70,426,332 invested in equities. At April 30, 2015, the Fund's investment in Fidelity Diversified Mutual Fund of \$6,133,144 and QMA S&P 500 Fund of \$21,148,117 exceeded 5% of the Fund's total investments. This is in compliance with the Fund's investment policy.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	33%	4.29-4.75%
Domestic Equities	60%	7.60-8.81%
International Equities	5%	8.10%
Cash and Cash Equivalents	2%	2.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 5%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2015 are listed in the table above.

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$1,897,850 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	\$ 6,555,246	\$ 171,236	\$ 3,776,185	\$ 2,607,825	\$ -
U.S. Agency Obligations	6,194,101	-	2,343,822	1,073,414	2,776,865
U.S. Property Real Estate	5,996,105	5,996,105	-	-	-
Corporate Bonds	12,794,265	-	6,692,517	5,547,826	553,922
Foreign Corporate Bonds	878,140	290,273	148,976	438,891	-
Municipal Obligations	1,949,480	-	1,731,437	218,043	-
Illinois Funds	2,980,201	2,980,201	-	-	-
	<u>\$ 37,347,538</u>	<u>\$ 9,437,815</u>	<u>\$ 14,692,937</u>	<u>\$ 9,885,999</u>	<u>\$ 3,330,787</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.

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, U.S. Property Real Estate, municipal bonds, corporate bonds, and foreign corporate bonds were not rated. The Fund's investment in Illinois Funds is rated AAAM by Standard and Poor's.

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

Custodial Credit Risk – Continued. 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 \$7,980,338 invested in common stock and \$47,071,785 invested in equities. At April 30, 2015, the Fund's investment in Vanguard TTL Stock MKT IND #855 of \$34,903,626 exceeded 5% of the Fund's total investments. This is in compliance with the Fund's investment policy.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	30-40%	1.5%
Domestic Equities	40-50%	6.0%
International Equities	5-15%	6.3%
Real Estate	0-11%	5.9%
Blended	0-9%	4.1%
Cash and Cash Equivalents	0%	0.0%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2015 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2015 are listed in the table above.

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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:

Beginning Balances	Issuances	Retirements	Written Off	Ending Balances
\$ 2,327,856	\$ 18,732	\$ 112,725	\$ -	\$ 2,233,863

PROPERTY TAXES

Property taxes for 2014 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, 2015

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	\$ 13,539,722	\$ -	\$ -	\$ 13,539,722
Land Right of Way	73,737,433	158,730	-	73,896,163
Construction in Progress	639,675	-	639,675	-
	<u>87,916,830</u>	<u>158,730</u>	<u>639,675</u>	<u>87,435,885</u>
Depreciable Capital Assets				
Buildings and Improvements	101,509,232	129,866	-	101,639,098
Machinery, Equipment and Vehicles	21,709,697	2,254,802	2,097,927	21,866,572
Infrastructure	48,171,119	3,675,354	140,186	51,706,287
	<u>171,390,048</u>	<u>6,060,022</u>	<u>2,238,113</u>	<u>175,211,957</u>
Less Accumulated Depreciation				
Buildings and Improvements	36,082,900	2,478,152	-	38,561,052
Machinery, Equipment and Vehicles	13,881,888	1,219,325	2,046,851	13,054,362
Infrastructure	41,187,327	668,236	140,182	41,715,381
	<u>91,152,115</u>	<u>4,365,713</u>	<u>2,187,033</u>	<u>93,330,795</u>
Total Net Depreciable Capital Assets	<u>80,237,933</u>	<u>1,694,309</u>	<u>51,080</u>	<u>81,881,162</u>
Total Net Capital Assets	<u>\$ 168,154,763</u>	<u>\$ 1,853,039</u>	<u>\$ 690,755</u>	<u>\$ 169,317,047</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 658,585
Public Safety	725,885
Highways and Streets	1,390,531
Health and Welfare	63,814
Community Development	437,857
Internal Service	<u>1,089,041</u>
	<u>\$ 4,365,713</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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	5,775,229	20,995	-	5,796,224
Underground Systems	76,354,821	-	-	76,354,821
	<u>101,370,225</u>	<u>20,995</u>	<u>-</u>	<u>101,391,220</u>
Less Accumulated Depreciation				
Buildings and Improvements	8,605,215	407,794	-	9,013,009
Machinery and Equipment	3,474,487	215,446	-	3,689,933
Underground Systems	62,125,971	797,056	-	62,923,027
	<u>74,205,673</u>	<u>1,420,296</u>	<u>-</u>	<u>75,625,969</u>
Total Net Depreciable Capital Assets	<u>27,164,552</u>	<u>(1,399,301)</u>	<u>-</u>	<u>25,765,251</u>
Total Net Capital Assets	<u>\$ 30,288,702</u>	<u>\$ (1,399,301)</u>	<u>\$ -</u>	<u>\$ 28,889,401</u>

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

Water and Sewer	\$ 1,351,573
Arts, Entertainment and Events	<u>68,723</u>
	<u>\$ 1,420,296</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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	Police Pension	\$ 2,389,696
General	Firefighters' Pension	<u>2,635,124</u>
		<u>\$ 5,024,820</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	\$ 844,113 (2)
Capital Projects	General	2,000,000 (3)
Nonmajor Governmental	General	2,000,000 (3)
Nonmajor Governmental	Capital Projects	4,600,000 (1)
Retiree Health Insurance	Health and Life Insurance	<u>835,123 (1)</u>
		<u>\$ 10,279,236</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, 2015

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	\$ 735,000	\$ -	\$ 235,000	\$ 500,000
\$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	935,000	-	315,000	620,000
\$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	825,000	-	400,000	425,000
\$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	4,800,000	-	1,400,000	3,400,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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
\$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	\$ 1,585,000	\$ -	\$ 290,000	\$ 1,295,000
\$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	2,835,000	-	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	505,000	-	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	2,215,000	-	215,000	2,000,000
\$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	9,725,000	-	60,000	9,665,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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
\$9,670,000 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	\$ 9,475,000	\$ -	\$ 185,000	\$ 9,290,000
\$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	-	35,000	7,720,000
\$7,625,000 General Obligation Bonds of 2014, due in annual installments of \$860,000 to \$1,435,000 plus interest at 2.00% to 3.00% through December 1, 2020.	Debt Service	-	7,625,000	-	7,625,000
		\$ 41,390,000	\$ 7,625,000	\$ 6,475,000	\$ 42,540,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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	\$ 3,399,032	\$ 1,469,072	\$ 734,536	\$ 4,133,568	\$ 826,734
Internal Service	190,940	66,668	33,334	224,274	44,835
Net Pension Obligation	1,323,284	-	84,984	1,238,300	-
Net Other Post-Employment					
Benefits Obligation	3,922,260	359,191	-	4,281,451	-
General Obligation Bonds	41,390,000	7,625,000	6,475,000	42,540,000	6,455,000
Unamortized Premium	1,246,145	460,605	260,717	1,446,033	276,785
	<u>\$ 51,471,661</u>	<u>\$ 9,980,536</u>	<u>\$ 7,588,571</u>	<u>\$ 53,863,626</u>	<u>\$ 7,603,354</u>
Business-Type Activities					
Compensated Absences	\$ 428,956	\$ 178,162	\$ 89,081	\$ 518,037	\$ 103,607
Net Other Post-Employment					
Benefits Obligation	174,722	13,392	-	188,114	-
	<u>\$ 603,678</u>	<u>\$ 191,554</u>	<u>\$ 89,081</u>	<u>\$ 706,151</u>	<u>\$ 103,607</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, \$224,274 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, \$181,288 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, 2015

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
2016	\$ 6,455,000	\$ 1,395,820
2017	5,215,000	1,140,700
2018	4,995,000	996,300
2019	4,575,000	834,276
2020	4,765,000	688,438
2021	3,170,000	535,676
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>\$ 42,540,000</u>	<u>\$ 7,221,486</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, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

ECONOMIC DEVELOPMENT

The Village has entered into economic development agreements with companies to provide sales tax rebates. As of April 30, 2015, 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, 2015 was \$446,915. Total expenditures incurred to date in rebates as of April 30, 2015 was \$2,414,368.

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, Affordable Housing, 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.

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, 2015

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	\$ 67,751	\$ -	\$ -	\$ -	\$ 67,751
Prepays	121,577	-	-	399,794	521,371
	<u>189,328</u>	<u>-</u>	<u>-</u>	<u>399,794</u>	<u>589,122</u>
Restricted					
Debt Service	-	1,586,085	-	-	1,586,085
Capital Projects	-	-	10,328,629	-	10,328,629
Motor Fuel Taxes	-	-	-	3,339,943	3,339,943
Foreign Fire Insurance	-	-	-	386,461	386,461
Criminal Investigation	-	-	-	2,009,989	2,009,989
Tax Increment Financing	-	-	-	3,688,740	3,688,740
Community Development	-	-	-	3,200,263	3,200,263
	<u>-</u>	<u>1,586,085</u>	<u>10,328,629</u>	<u>12,625,396</u>	<u>24,540,110</u>
Assigned					
Wellness Program	36,657	-	-	-	36,657
Affordable Housing	75,994	-	-	-	75,994
Disabled Citizens Program	15,621	-	-	-	15,621
Emergency Assistance Program	128,454	-	-	-	128,454
Senior Center Maintenance	442,000	-	-	-	442,000
Canine Unit Donation	175,589	-	-	-	175,589
Public Parking	-	-	-	4,074,615	4,074,615
Public Building	-	-	-	1,355,436	1,355,436
Emerald Ash Borer	-	-	-	4,840,758	4,840,758
	<u>874,315</u>	<u>-</u>	<u>-</u>	<u>10,270,809</u>	<u>11,145,124</u>
Unassigned	<u>23,252,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,252,947</u>
Total Fund Balances	<u>\$ 24,316,590</u>	<u>\$ 1,586,085</u>	<u>\$ 10,328,629</u>	<u>\$ 23,295,999</u>	<u>\$ 59,527,303</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 169,317,047
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2003A	(500,000)
General Obligation Refunding Bonds of 2003B	(620,000)
General Obligation Bonds of 2005	(425,000)
General Obligation Bonds of 2006	(3,400,000)
General Obligation Refunding Bonds of 2006A	(1,295,000)
General Obligation Refunding Bonds of 2010	(2,000,000)
General Obligation Refunding Bonds of 2011	(9,665,000)
General Obligation Refunding Bonds of 2012A	(9,290,000)
General Obligation Refunding Bonds of 2013	(7,720,000)
General Obligation Bonds of 2014	(7,625,000)
Unamortized Premium	(1,446,033)
Unamortized Loss on Refunding	<u>1,597,730</u>
Net Investment in Capital Assets	<u>\$ 126,928,744</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 28,889,401</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, 2015

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 2013 through 2015.

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, 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	1,034,802	243,121	2,032,176	3,310,099
Incurred Claims	6,951,513	603,484	1,615,525	9,170,522
Claims Paid	(6,897,389)	(275,050)	(1,837,744)	(9,010,183)
Claims Payable - April 30, 2015	\$ 1,088,926	\$ 571,555	\$ 1,809,957	\$ 3,470,438

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 on 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, 2015

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 \$126,108 to HELP in 2015. For the eight months ended December 31, 2015, the Village estimates it will pay \$108,000.

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 the eight months ended December 31, 2015 the Village estimates it will pay SWANCC \$880,758, 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, 2015

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, 2015 are as follows:

	<u>Percent Share</u>
Village of Arlington Heights	36.22 %
Village of Buffalo Grove	17.03
Village of Palatine	29.47
Village of Wheeling	<u>17.28</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, 2015

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Northwest Water Commission (NWWC) – Continued

Summary of financial positions as of April 30, 2015:

Current Assets	\$ 13,920,186	Current Liabilities	<u>\$ 1,705,183</u>
Noncurrent Assets		Net Position	<u>\$ 40,235,281</u>
Capital Assets	<u>28,020,278</u>		
Total Assets	<u>\$ 41,940,464</u>		

Summary of revenues, expenses and changes in net position for the year ended April 30, 2015:

Operating Revenues	\$ 9,033,165
Operating Expenses	<u>9,626,509</u>
Operating Income	(593,344)
Nonoperating Revenue (Expenses)	<u>210,620</u>
Change in Net Position	(382,724)
Net Position - Beginning	<u>40,618,005</u>
Net Position - Ending	<u>\$ 40,235,281</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, 2015

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 \$3,542,286 to NWWC for the year ended April 30, 2015. All payments were paid from the Water and Sewer Fund. The Village’s share of net position of NWWC was \$14,695,560 at April 30, 2015.

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, 2015

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 \$1,255,947 to SWANCC for the year ended April 30, 2015, which is recorded in the Village's Solid Waste Disposal Fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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

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. IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1) who retire at or after age 60 (full benefits) or age 55 (reduced benefits) with 8 years of credited 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 (Tier 2) who retire at or after age 67 (full benefits) or age 62 (reduced benefits) with 10 years of credited 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 up to 15 years, and 2 percent for each year thereafter. 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 2014 was 13.93 percent.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Police Pension Plan

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	87
Inactive Plan Members Entitled to but not yet Receiving Benefits	6
Employees	
Vested	85
Nonvested	<u>22</u>
	<u>200</u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Police Pension Plan – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. 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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2015, the Village's contribution was 20.68% of covered payroll.

Firefighters' Pension Fund

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Firefighters' Pension Plan – Continued

Plan Membership. At April 30, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	100
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Employees	
Vested	73
Nonvested	<u>35</u>
Total	<u>208</u>

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

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter 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 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions – Continued

Firefighters' Pension Plan – Continued

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2015, the Village's contribution was 23.08% of covered payroll.

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.

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, 2015, the Police Pension Fund's investment in Fidelity Diversified Mutual Fund of \$6,133,144 and QMA S&P 500 Fund of \$21,148,117 exceeded 5% of the Fund's total investments. For the Firefighters' Pension Fund, the investment in Vanguard TTL Stock MKT IND #855 of \$34,903,626 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2015, using the following actuarial methods and assumptions:

	Police Pension	Firefighters' Pension
Actuarial Valuation Date	4/30/2015	4/30/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market	Market
Actuarial Assumptions		
Interest Rate	6.75%	6.75%
Salary Increases	4.75%	4.75%
Cost of Living Adjustments	3.00%	3.00%
Inflation	5.50%	5.50%

Mortality rates were based on the RP-2000 Mortality Table (BCA, +1M, -4F, 2x>105). The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liabilities calculated using the discount rate as well as what the net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Police Pension			
Net Pension Liability	\$ 59,739,513	\$ 38,938,564	\$ 21,874,606
Firefighters' Pension			
Net Pension Liability	\$ 63,571,963	\$ 44,883,070	\$ 29,471,710

Net Pension Liability

The components of the net pension liability of the Village's Plans as of April 30, 2015, calculated in accordance with GASB Statement No. 67, were as follows:

	Police Pension	Firefighters' Pension	Totals
Total Pension Liability	\$ 146,977,962	\$ 136,779,912	\$ 283,757,874
Plan Fiduciary Net Position	108,039,398	91,896,842	199,936,240
Village's Net Pension Liability	\$ 38,938,564	\$ 44,883,070	\$ 83,821,634

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the required supplementary information for additional information related to the funded status of the Fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Net Pension Obligation (Asset)

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

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 4,432,200	\$ 5,055,378	\$ 9,487,578
Interest on Net Pension Obligation/(Asset)	89,322	(61,180)	28,142
Adjustment to Annual Required Contribution	(77,106)	70,078	(7,028)
Annual Pension Cost	4,444,416	5,064,276	9,508,692
Actual Contribution	4,529,400	5,007,300	9,536,700
Change in the NPO/(NPA)	(84,984)	56,976	(28,008)
NPO/(NPA) - Beginning	1,323,284	(1,202,665)	120,619
NPO/(NPA) - Ending	\$ 1,238,300	\$ (1,145,689)	\$ 92,611

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Costs

Employer contributions have been determined as follows:

	IMRF	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	13.93%	20.68%	23.080%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2014	4/30/2015	4/30/2015
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	29 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	.40% - 10.00%	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, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

The trend information for each plan is as follows:

	Fiscal Year	IMRF	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2013	\$ 3,170,441	\$ 4,164,295	\$ 4,566,780
	2014	3,293,484	4,161,070	4,800,453
	2015	3,338,495	4,444,416	5,064,276
Actual Contributions	2013	3,967,473	4,288,000	4,588,000
	2014	3,293,484	4,330,880	4,701,000
	2015	3,338,495	4,529,400	5,007,300
Percentage of APC Contributed	2013	125.14%	102.97%	100.46%
	2014	100.00%	104.08%	97.93%
	2015	100.00%	101.91%	98.87%
Net Pension Obligation/ (Asset)	2013	N/A	1,493,094	(1,302,118)
	2014	N/A	1,323,284	(1,202,665)
	2015	N/A	1,238,300	(1,145,689)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The funded status for each plan is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC as disclosed in the NPO calculation.

	IMRF	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/2014	4/30/2015	4/30/2015
Percent Funded	72.58%	73.50%	67.20%
Actuarial Accrued Liability for Benefits	\$78,518,815	\$146,977,962	\$136,779,912
Actuarial Value of Assets	\$56,987,625	\$108,100,765	\$91,873,966
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$21,531,190)	(\$38,877,197)	(\$44,905,946)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$23,966,223	\$10,173,252	\$10,295,671
Ratio of UAAL to Covered Payroll	89.84%	382.15%	436.16%

See the schedule of funding progress in the required supplementary information immediately following the notes to the financial statements for additional information related to the funded status of the plans.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015, retirees contributed \$1,734,937.

At April 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	208
Active Employees	<u>471</u>
Total	<u>679</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, 2015

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, 2015, was calculated as follows:

Annual Required Contribution	\$ 767,335
Interest on the NOPEBO	185,413
Adjustment to the ARC	<u>(126,791)</u>
Annual OPEB Cost	825,957
Actual Contribution	<u>453,374</u>
Change in NPOEBO	372,583
NOPEBO - Beginning	<u>4,096,982</u>
NOPEBO - Ending	<u><u>\$ 4,469,565</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
2013	\$ 841,359	\$ 643,520	76.49%	\$ 3,801,501
2014	858,084	562,603	65.57%	4,096,982
2015	825,957	453,374	54.89%	4,469,565

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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, 2015 was as follows:

Actuarial Accrued Liability (AAL)	\$ 12,604,617
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 12,604,617
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 40,894,252
UAAL as a Percentage of Covered Payroll	30.82%

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, 2015 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 advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015, was 30 years.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

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. Separate financial statements are provided for the general fund. The Library only maintains governmental funds.

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 Library:

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

BASIS OF PRESENTATION – Continued

Governmental Funds – Continued

Capital projects funds account for financial resources that are restricted, committed or assigned to expenditure for capital outlays. Major projects include renovation of the Library. The Capital Projects Fund is treated as a major fund.

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, 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 statement presents 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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.

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 \$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 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements April 30, 2015

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

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

Capital Assets – Continued

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

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
- Schedule of Employer Contributions
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Police Pension Fund
 - Firefighters' Pension Fund
- 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, 2015

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 Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2014	56,987,625	78,518,815	72.58%	21,531,190	23,966,223	89.84%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2015	3,338,495	3,338,495	100.00%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

April 30, 2015

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)
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%
2015	108,100,765	146,977,962	73.55%	38,877,197	10,173,252	382.15%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2015	4,529,400	4,432,200	102.19%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

April 30, 2015

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)
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%
2015	91,873,966	136,779,912	67.17%	44,905,946	10,295,671	436.16%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2015	5,007,300	5,055,378	99.05%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Other Post-Employment Benefits Plan

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2015

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)
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%
2015	-	12,604,617	0.00%	12,604,617	40,894,252	30.82%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
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%
2015	453,374	767,335	59.08%

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, 2015

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)
2010	\$ -	\$ 1,564,397	0.00%	\$ 1,564,397	\$ 4,589,180	34.09%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	1,669,900	0.00%	1,669,900	4,045,543	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%
2015	-	1,322,810	0.00%	1,322,810	6,498,209	20.36%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2010	\$ 23,520	\$ 201,826	11.65%
2011	67,183	94,079	71.41%
2012	73,299	94,079	77.91%
2013	73,894	93,064	79.40%
2014	62,579	90,441	69.19%
2015	47,580	80,529	59.08%

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

Police Pension Fund

Required Supplementary Information Schedule of Employer Contributions April 30, 2015

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 4,432,000	\$ 4,529,400	\$ 97,400	\$ 9,938,967	45.6%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	5.50%
Salary Increases	4.75%
Investment Rate of Return	6.75%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Mortality Table with Blue Collar Adjustment for Males and Females, projected to 2015, was used for active employees and pensioners. The RP-2000 Disabled Mortality Table, projected to 2015, was used for disabled police officers

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information Schedule of Employer Contributions April 30, 2015

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 5,055,378	\$ 5,007,300	\$ (48,078)	\$ 10,022,659	50.0%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	5.50%
Salary Increases	4.75%
Investment Rate of Return	6.75%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Mortality Table with Blue Collar Adjustment for Males and Females, projected to 2015, was used for active employees and pensioners. The RP-2000 Disabled Mortality Table, projected to 2015, was used for disabled firefighters

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 3,248,450
Interest	9,147,568
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	325,542
Change of Assumptions	3,089,627
Benefit Payments, Including Refunds of Member Contributions	(5,421,571)
Net Change in Total Pension Liability	10,389,616
Total Pension Liability - Beginning	136,588,346
Total Pension Liability - Ending	\$ 146,977,962
Plan Fiduciary Net Position	
Contributions - Employer	\$ 4,529,400
Contributions - Members	986,380
Contributions - Other	276,199
Net Investment Income	7,837,174
Benefit Payments, Including Refunds of Member Contributions	(5,421,571)
Administrative Expense	(32,090)
Net Change in Plan Fiduciary Net Position	8,175,492
Plan Net Position - Beginning	99,863,906
Plan Net Position - Ending	\$ 108,039,398
Employers Net Pension Liability	\$ 38,938,564
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.5%
Covered-Employee Payroll	\$ 9,938,967
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	391.8%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 3,320,273
Interest	8,688,821
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(1,433,511)
Change of Assumptions	2,059,344
Benefit Payments, Including Refunds of Member Contributions	(5,795,896)
Net Change in Total Pension Liability	6,839,031
Total Pension Liability - Beginning	129,940,881
Total Pension Liability - Ending	\$ 136,779,912
Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,007,300
Contributions - Members	967,685
Contributions - Other	1,451
Net Investment Income	6,263,908
Benefit Payments, Including Refunds of Member Contributions	(5,795,897)
Administrative Expense	(35,679)
Net Change in Plan Fiduciary Net Position	6,408,768
Plan Net Position - Beginning	85,488,074
Plan Net Position - Ending	\$ 91,896,842
Employers Net Pension Liability	\$ 44,883,070
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.2%
Covered-Employee Payroll	\$ 10,022,659
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	447.8%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
April 30, 2015**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	8.06%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Investment Returns

April 30, 2015

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	11.52%

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, 2015 (with Comparative Actuals for 2014)

	2015		2014
	Budget	Actual	Actual
	Original	Final	
Revenues			
Taxes	\$ 39,003,900	\$ 39,003,900	\$ 38,928,585
Licenses, Permits and Fees	5,663,200	5,663,200	5,862,746
Intergovernmental	19,739,000	19,778,142	21,621,147
Charges for Services	4,306,000	4,306,000	4,204,029
Fines and Forfeitures	635,200	635,200	690,999
Interest	90,000	90,000	86,869
Miscellaneous	449,800	449,800	639,297
Total Revenues	69,887,100	69,926,242	72,033,672
Expenditures			
General Government	4,702,000	4,692,000	4,432,500
Public Safety	44,940,800	45,022,797	44,318,108
Highway and Streets	12,186,200	12,332,585	11,838,642
Community Development	5,550,300	5,586,395	5,162,890
Health and Welfare	2,147,800	2,147,820	1,974,146
Total Expenditures	69,527,100	69,781,597	67,726,286
Excess (Deficiency) of Revenues Over (Under) Expenditures	360,000	144,645	4,307,386
Other Financing (Uses)			
Transfers Out	(360,000)	(4,360,000)	(4,000,000)
Net Change in Fund Balance	\$ -	\$ (4,215,355)	307,386
Fund Balance - Beginning			24,009,204
Fund Balance - Ending			\$ 24,316,590
			\$ 24,009,204

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, 2015

(with Comparative Actuals for 2014)

	2015	2014
ASSETS		
Cash and Investments	\$ 25,398,488	\$ 25,154,347
Receivables - Net of Allowances		
Property Taxes	10,555,158	10,775,176
Other Taxes	6,588,983	6,457,159
Accrued Interest	21,295	21,547
Other	1,190,632	1,095,091
Due from Other Funds	5,024,820	4,786,129
Prepays/Inventories	189,328	317,836
Total Assets	<u>\$ 48,968,704</u>	<u>\$ 48,607,285</u>
LIABILITIES		
Accounts Payable	\$ 1,696,238	\$ 1,982,245
Accrued Payroll	859,586	703,748
Other Payables	4,224	6,186
Total Liabilities	<u>2,560,048</u>	<u>2,692,179</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>22,092,066</u>	<u>21,905,902</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,652,114</u>	<u>24,598,081</u>
FUND BALANCES		
Nonspendable	189,328	317,836
Assigned	874,315	749,295
Unassigned	23,252,947	22,942,073
Total Fund Balances	<u>24,316,590</u>	<u>24,009,204</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,968,704</u>	<u>\$ 48,607,285</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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Taxes				
Property	\$ 21,640,900	\$ 21,640,900	\$ 21,389,766	\$ 20,522,568
Other				
Food and Beverage Tax	1,875,000	1,875,000	2,003,859	1,881,211
Hotel/Motel Tax	980,000	980,000	1,032,228	968,827
Telecommunications Tax	3,500,000	3,500,000	3,199,974	3,244,472
Home Rule Sales Tax	5,182,000	5,182,000	5,482,969	5,276,167
Natural Gas Utility Tax	2,150,000	2,150,000	2,314,043	2,514,871
Electric Utility Tax	3,395,000	3,395,000	3,185,675	3,290,356
Other Tax	281,000	281,000	320,071	313,140
Total Taxes	39,003,900	39,003,900	38,928,585	38,011,612
Licenses, Permits and Fees				
Vehicle License	1,300,000	1,300,000	1,290,954	1,275,781
Liquor Licenses	425,000	425,000	432,295	452,972
Business Licenses	700,000	700,000	699,921	691,545
Dog Licenses	67,000	67,000	67,684	66,261
Public Chauffeur Licenses	4,000	4,000	2,960	3,710
Multi-Dwelling Licenses	80,000	80,000	66,896	74,576
Building Permits	800,000	800,000	859,979	1,089,401
Electrical Permits	90,000	90,000	113,017	113,774
Plumbing Permits	75,000	75,000	92,160	71,745
Sign Permits	8,000	8,000	17,140	17,605
Elevator Permits	50,000	50,000	94,623	79,670
Occupancy Permits	25,000	25,000	25,430	46,540
Driveway Permits	5,000	5,000	2,003	1,575
Air Conditioner Permits	10,000	10,000	12,774	11,486
Swimming Pool Permits	1,500	1,500	4,806	1,473
Chimney Permits	2,000	2,000	3,000	1,920
Wrecking and Other Permits	8,000	8,000	7,472	10,221
Planning Commission Hearings Fees	15,000	15,000	19,610	21,300
Reinspection Fees	1,000	1,000	-	332
Rezoning Fees	8,000	8,000	10,760	9,530
Plan Exam Fees	60,000	60,000	75,783	71,655
Fire Plan Examination Fees	50,000	50,000	61,228	62,624
Police Counselor Fees	375,000	375,000	305,792	319,179
Police Records Fees	10,000	10,000	9,231	8,517
Haz-Mat Inspection/Review Fees	-	-	115	22

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Licenses, Permits and Fees - Continued				
Weed Cutting Fees	\$ 10,000	\$ 10,000	\$ 7,243	\$ 12,141
Lien Recording Fees	500	500	350	100
Animal Detention Fees	1,000	1,000	250	719
Cable Franchise Fees	1,387,000	1,387,000	1,474,210	1,375,624
False Alarm Fees	60,000	60,000	66,295	43,100
Photocopy Fees	200	200	9	26
Other Fees	35,000	35,000	38,756	54,811
Total Licenses, Permits and Fees	5,663,200	5,663,200	5,862,746	5,989,935
Intergovernmental				
Municipal Sales Tax	10,904,000	10,904,000	12,060,996	11,488,156
State Use Tax	1,260,000	1,260,000	1,520,258	1,340,067
Replacement Taxes	415,000	415,000	454,992	466,766
Shared Income Tax	7,127,000	7,127,000	7,354,986	7,318,303
Grant - Counselor in the Park	23,000	23,000	23,000	23,000
Grant - Training	10,000	10,000	38,043	16,320
Grant - Task Force	-	-	35,764	28,138
Grant - Other	-	39,142	133,108	77,859
Total Intergovernmental	19,739,000	19,778,142	21,621,147	20,758,609
Charges for Services				
Escrow Deposits	2,500	2,500	3,993	2,436
Guaranteed Bonds	1,500	1,500	1,468	1,103
Parking	326,100	326,100	326,100	322,900
Water	1,481,000	1,481,000	1,481,000	1,437,900
TIF	115,000	115,000	115,000	115,000
SWANCC	200,000	200,000	200,000	200,000
Engineering Service Charges	100,000	100,000	47,425	95,035
Ambulance Service Charges	1,690,000	1,690,000	1,635,878	1,610,563
Special Police Detail	210,000	210,000	226,446	222,039
Special Fire Detail	60,000	60,000	56,262	51,312
Special PW Detail	6,700	6,700	8,321	17,136
Chemical User Fees	10,000	10,000	10,750	11,570
DUI Administration Charges	100,000	100,000	87,000	110,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2015

(with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Charges for Services - Continued				
Sales - Plans and Specs	\$ 1,000	\$ 1,000	\$ 1,925	\$ 3,150
Sales - Printed Materials	100	100	8	29
Sales - Scrap	2,000	2,000	2,453	4,148
Sales - Signs	100	100	-	-
Total Charges for Services	4,306,000	4,306,000	4,204,029	4,204,321
Fines and Forfeitures				
Fines - Traffic Court	250,000	250,000	294,637	245,397
Fines - Untagged Dog	100	100	30	75
Fines - Parking	250,000	250,000	308,472	291,687
Fines - Compliance Ticket	20,000	20,000	5,554	7,810
Fines - Ordinance Ticket	95,000	95,000	61,725	99,331
Fines - Crime Prevention	100	100	200	2,375
Fines - Other	20,000	20,000	20,381	19,385
Total Fines and Forfeitures	635,200	635,200	690,999	666,060
Interest				
Investment Income	90,000	90,000	86,869	92,574
Miscellaneous				
Damage Claims	28,100	28,100	75,864	53,318
Rents and Concessions	87,000	87,000	86,244	100,566
Train Station Rents	9,000	9,000	12,200	10,200
Traffic Signal Control Maintenance	12,000	12,000	9,988	11,598
Senior Center Receipts	2,000	2,000	9,047	5,952
Wellness Program	46,000	46,000	36,479	19,610
Disabled Citizen Donations	100	100	486	705
Affordable Housing Trust	-	-	75,994	-
Arlington Heights Emergency Assistance	10,000	10,000	35,650	21,957
NWCH in Lieu of Property Taxes	185,600	185,600	185,613	176,775
Bad Debt Recovery	10,000	10,000	12,021	14,435
Other Income	60,000	60,000	99,711	484,662
Total Miscellaneous	449,800	449,800	639,297	899,778
Total Revenues	\$ 69,887,100	\$ 69,926,242	\$ 72,033,672	\$ 70,622,889

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended April 30, 2015

(with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
General Government				
Board of Trustees	\$ 174,700	\$ 196,700	\$ 178,181	\$ 152,910
Village Manager	962,200	973,400	881,868	931,545
Human Resources	351,700	351,700	350,554	506,487
Legal Services	775,400	775,400	748,603	791,664
Finance	1,525,900	1,525,900	1,476,903	1,428,349
Boards and Commissions	179,600	197,600	163,659	134,951
Other	732,500	671,300	632,732	331,620
Total General Government	4,702,000	4,692,000	4,432,500	4,277,526
Public Safety				
Police	24,176,500	24,226,821	23,657,850	22,886,862
Fire	20,764,300	20,795,976	20,660,258	19,958,484
Total Public Safety	44,940,800	45,022,797	44,318,108	42,845,346
Highways and Streets				
Public Works	12,186,200	12,332,585	11,838,642	11,229,389
Community Development				
Planning and Community Development	1,599,800	1,635,895	1,456,424	1,450,524
Building Services	2,270,100	2,270,100	2,097,520	2,116,497
Engineering	1,680,400	1,680,400	1,608,946	1,537,840
Total Community Development	5,550,300	5,586,395	5,162,890	5,104,861
Health and Welfare				
Senior Services	500,000	500,000	443,147	432,322
Health Services	1,647,800	1,647,820	1,530,999	1,505,664
Total Health and Welfare	2,147,800	2,147,820	1,974,146	1,937,986
Total Expenditures	\$ 69,527,100	\$ 69,781,597	\$ 67,726,286	\$ 65,395,108

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
General Government				
Board of Trustees				
Salaries	\$ 30,900	\$ 30,900	\$ 30,900	\$ 30,666
Fringe Benefits	6,700	6,700	5,144	5,221
Contractual Services	134,900	156,900	141,217	114,752
Commodities	2,200	2,200	920	2,271
	174,700	196,700	178,181	152,910
Village Manager				
Salaries	647,100	647,100	589,869	628,017
Fringe Benefits	241,000	244,000	227,058	233,872
Contractual Services	65,000	73,200	58,863	61,075
Commodities	9,100	9,100	6,078	8,581
	962,200	973,400	881,868	931,545
Human Resources				
Salaries	194,600	194,600	199,371	189,307
Fringe Benefits	81,800	81,800	83,056	236,155
Contractual Services	53,400	53,400	49,058	61,452
Commodities	2,500	2,500	2,459	2,511
Other Charges	19,400	19,400	16,610	17,062
	351,700	351,700	350,554	506,487
Legal Services				
Salaries	327,100	327,100	333,429	319,209
Fringe Benefits	119,200	119,200	119,062	125,808
Contractual Services	273,600	273,600	238,117	291,715
Commodities	10,500	10,500	8,042	8,657
Other Charges	45,000	45,000	49,953	46,275
	775,400	775,400	748,603	791,664
Finance				
Salaries	836,600	836,600	810,113	766,911
Fringe Benefits	330,400	330,400	321,194	309,102
Contractual Services	329,200	329,200	319,857	323,561
Commodities	29,700	29,700	25,739	28,775
	1,525,900	1,525,900	1,476,903	1,428,349

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2015

(with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
General Government - Continued				
Boards and Commissions				
Salaries	\$ 10,100	\$ 10,100	\$ 4,293	\$ 3,297
Fringe Benefits	1,300	1,300	327	73,657
Contractual Services	121,100	139,100	126,771	20,539
Commodities	4,400	4,400	2,408	1,681
Other Charges	42,700	42,700	29,860	35,777
	179,600	197,600	163,659	134,951
Other				
Contingency	332,500	271,300	-	-
Other Charges	400,000	400,000	632,732	331,620
	732,500	671,300	632,732	331,620
Total General Government	4,702,000	4,692,000	4,432,500	4,277,526
Public Safety				
Police				
Salaries	13,537,500	13,537,500	13,124,188	12,700,195
Salaries - Police Grant	83,500	83,500	83,920	31,849
Fringe Benefits	7,742,700	7,742,700	7,710,480	7,434,031
Fringe Benefits - Police Grant	25,300	25,300	25,141	-
Contractual Services	2,232,100	2,247,651	2,209,113	2,225,971
Commodities	535,400	570,170	480,297	494,816
Other Charges	20,000	20,000	24,711	-
	24,176,500	24,226,821	23,657,850	22,886,862
Fire				
Salaries	11,147,400	11,147,400	11,131,201	10,875,675
Fringe Benefits	7,642,600	7,642,600	7,642,852	7,216,551
Contractual Services	1,565,100	1,565,100	1,528,518	1,532,359
Commodities	409,200	440,876	357,687	333,899
	20,764,300	20,795,976	20,660,258	19,958,484
Total Public Safety	44,940,800	45,022,797	44,318,108	42,845,346

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Highways and Streets				
Public Works				
Salaries	\$ 3,944,300	\$ 3,944,300	\$ 3,850,357	\$ 3,889,162
Fringe Benefits	1,885,800	1,885,800	1,841,104	1,847,223
Contractual Services	4,590,400	4,698,401	4,404,893	4,051,556
Commodities	1,765,700	1,804,084	1,742,288	1,441,448
Total Highways and Streets	12,186,200	12,332,585	11,838,642	11,229,389
Community Development				
Planning and Community Development				
Salaries	878,000	913,500	866,716	818,751
Fringe Benefits	359,100	361,800	350,319	351,709
Contractual Services	161,400	133,006	98,172	126,468
Commodities	16,300	24,938	19,355	11,154
Other Charges	185,000	202,651	121,862	142,442
	1,599,800	1,635,895	1,456,424	1,450,524
Building Services				
Salaries	1,458,700	1,458,700	1,343,711	1,370,865
Fringe Benefits	548,800	548,800	521,837	512,734
Contractual Services	240,400	240,400	215,503	214,357
Commodities	22,200	22,200	16,469	18,541
	2,270,100	2,270,100	2,097,520	2,116,497
Engineering				
Salaries	1,029,800	1,029,800	1,021,562	977,624
Fringe Benefits	414,300	414,300	410,263	397,918
Contractual Services	213,000	213,000	165,198	147,974
Commodities	23,300	23,300	11,923	14,324
	1,680,400	1,680,400	1,608,946	1,537,840
Total Community Development	5,550,300	5,586,395	5,162,890	5,104,861

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Health and Welfare				
Senior Services				
Salaries	\$ 298,100	\$ 298,100	\$ 273,347	\$ 267,867
Fringe Benefits	79,500	79,500	73,490	71,650
Contractual Services	95,700	95,700	83,092	76,554
Commodities	23,200	23,200	13,218	16,251
Other Charges	3,500	3,500	-	-
	500,000	500,000	443,147	432,322
Health Services				
Salaries	923,200	923,200	909,860	888,621
Fringe Benefits	383,700	383,700	375,798	367,630
Contractual Services	189,800	189,800	135,549	137,299
Commodities	57,500	57,500	38,309	37,950
Other Charges	93,600	93,620	71,483	74,164
	1,647,800	1,647,820	1,530,999	1,505,664
Total Health and Welfare	2,147,800	2,147,820	1,974,146	1,937,986
Total Expenditures	\$ 69,527,100	\$ 69,781,597	\$ 67,726,286	\$ 65,395,108

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Taxes				
Property - Levy	\$ 6,711,150	\$ 6,711,150	\$ 6,629,168	\$ 6,593,147
Interest	12,000	12,000	22,583	16,361
Miscellaneous	275,600	275,600	275,563	278,788
Total Revenues	6,998,750	6,998,750	6,927,314	6,888,296
Expenditures				
General Government				
Other Charges	-	-	30,259	-
Debt Service				
Principal Retirement	6,475,000	6,475,000	6,475,000	6,160,000
Interest and Fiscal Charges	1,360,800	1,363,043	1,362,013	1,624,978
Total Expenditures	7,835,800	7,838,043	7,867,272	7,784,978
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(837,050)	(839,293)	(939,958)	(896,682)
Other Financing Sources (Uses)				
Debt Issuance	-	-	-	7,755,000
Premium on Debt Issuance	-	-	-	862,170
Payment to Escrow Agent	-	-	-	(8,568,476)
Transfers In	844,113	844,113	844,113	805,188
	844,113	844,113	844,113	853,882
Net Change in Fund Balance	\$ 7,063	\$ 4,820	(95,845)	(42,800)
Fund Balance - Beginning			1,681,930	1,724,730
Fund Balance - Ending			\$ 1,586,085	\$ 1,681,930

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Taxes				
Property	\$ 2,800,000	\$ 2,800,000	\$ 2,765,795	\$ 2,676,248
Home Rule Sales Tax	1,711,000	1,711,000	1,827,656	1,757,391
Intergovernmental				
Grants	-	-	133,187	1,228,000
Interest	30,000	30,000	14,957	21,650
Miscellaneous	1,500	1,500	89,218	201,530
Total Revenues	4,542,500	4,542,500	4,830,813	5,884,819
Expenditures				
General Government				
Other Charges	-	-	51,494	-
Capital Outlay				
Contractual Services	200,000	147,853	1,450	18,295
Equipment	565,391	637,969	454,147	600,181
Construction	4,448,009	6,181,025	5,202,033	6,793,601
Debt Service				
Interest and Fiscal Charges	-	58,348	80,536	-
Total Expenditures	5,213,400	7,025,195	5,789,660	7,412,077
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(670,900)	(2,482,695)	(958,847)	(1,527,258)
Other Financing Sources (Uses)				
Transfers In	-	2,000,000	2,000,000	600,000
Debt Issuance	10,000,000	10,000,000	7,625,000	-
Premium on Debt Issuance	-	-	460,605	-
Disposal of Capital Assets	-	-	1,940	-
Transfers Out	(6,400,000)	(6,400,000)	(4,600,000)	-
	3,600,000	5,600,000	5,487,545	600,000
Net Change in Fund Balance	\$ 2,929,100	\$ 3,117,305	4,528,698	(927,258)
Fund Balance - Beginning			5,799,931	6,727,189
Fund Balance - Ending			\$ 10,328,629	\$ 5,799,931

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

Stormwater Control Fund: The Stormwater Control 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, 2015**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 14,617,164	\$ 9,987,915	\$ 24,605,079
Receivables - Net of Allowances			
Property Taxes	252,345	-	252,345
Other Taxes	174,670	-	174,670
Accrued Interest	6,149	3,331	9,480
Other	2,308,774	49,451	2,358,225
Prepays	-	399,794	399,794
Total Assets	<u>\$ 17,359,102</u>	<u>\$ 10,440,491</u>	<u>\$ 27,799,593</u>
LIABILITIES			
Accounts Payable	\$ 351,777	\$ 632,761	\$ 984,538
Accrued Payroll	13,731	11,479	25,210
Due to Other Governments	428,270	-	428,270
Other Payables	2,263,257	-	2,263,257
Total Liabilities	<u>3,057,035</u>	<u>644,240</u>	<u>3,701,275</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	672,000	-	672,000
Grants	130,319	-	130,319
Total Deferred Inflows of Resources	<u>802,319</u>	<u>-</u>	<u>802,319</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,859,354</u>	<u>644,240</u>	<u>4,503,594</u>
FUND BALANCES			
Nonspendable	-	399,794	399,794
Restricted	9,425,133	3,200,263	12,625,396
Assigned	4,074,615	6,196,194	10,270,809
Total Fund Balances	<u>13,499,748</u>	<u>9,796,251</u>	<u>23,295,999</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,359,102</u>	<u>\$ 10,440,491</u>	<u>\$ 27,799,593</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, 2015

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 765,966	\$ -	\$ 765,966
Intergovernmental	4,566,348	-	4,566,348
Charges for Services	1,026,578	-	1,026,578
Fines and Forfeitures	113,727	-	113,727
Interest	39,170	19,036	58,206
Miscellaneous	119,645	11,511	131,156
Total Revenues	6,631,434	30,547	6,661,981
Expenditures			
General Government	67,658	54,916	122,574
Public Safety	290,968	-	290,968
Highways and Streets	1,301,967	-	1,301,967
Health and Welfare	-	293,873	293,873
Community Development	306,916	-	306,916
Capital Outlay	2,895,187	3,580,722	6,475,909
Total Expenditures	4,862,696	3,929,511	8,792,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,768,738	(3,898,964)	(2,130,226)
Other Financing Sources (Uses)			
Transfers In	2,000,000	4,600,000	6,600,000
Transfers Out	(844,113)	-	(844,113)
	1,155,887	4,600,000	5,755,887
Net Change in Fund Balances	2,924,625	701,036	3,625,661
Fund Balances - Beginning	10,575,123	9,095,215	19,670,338
Fund Balances - Ending	\$ 13,499,748	\$ 9,796,251	\$ 23,295,999

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet
April 30, 2015**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2015

	Motor Fuel Tax	Community Development Block Grant	Foreign Fire Insurance	Criminal Investigations
ASSETS				
Cash and Investments	\$ 3,304,761	\$ 9,760	\$ 398,548	\$ 2,125,121
Receivables - Net of Allowances				
Property Taxes	-	-	-	-
Other Taxes	174,670	-	-	-
Accrued Interest	-	-	198	-
Other	-	2,233,863	2,154	25,498
Total Assets	<u>\$ 3,479,431</u>	<u>\$ 2,243,623</u>	<u>\$ 400,900</u>	<u>\$ 2,150,619</u>
LIABILITIES				
Accounts Payable	\$ 139,488	\$ 35,186	\$ 14,439	\$ 10,311
Accrued Payroll	-	-	-	-
Due to Other Governments	-	-	-	-
Other Payables	-	2,208,437	-	-
Total Liabilities	<u>139,488</u>	<u>2,243,623</u>	<u>14,439</u>	<u>10,311</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	-	-	-
Grants	-	-	-	130,319
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,319</u>
Total Liabilities and Deferred Inflows of Resources	<u>139,488</u>	<u>2,243,623</u>	<u>14,439</u>	<u>140,630</u>
FUND BALANCES				
Restricted	3,339,943	-	386,461	2,009,989
Assigned	-	-	-	-
Total Fund Balances	<u>3,339,943</u>	<u>-</u>	<u>386,461</u>	<u>2,009,989</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,479,431</u>	<u>\$ 2,243,623</u>	<u>\$ 400,900</u>	<u>\$ 2,150,619</u>

Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V	Totals
\$ 4,269,216	\$ 438,927	\$ 24,181	\$ 1,375,760	\$ 1,575,049	\$ 1,095,841	\$ 14,617,164
-	-	-	73,880	178,465	-	252,345
-	-	-	-	-	-	174,670
2,896	304	-	855	793	1,103	6,149
23,017	2,372	-	7,435	8,512	5,923	2,308,774
\$ 4,295,129	\$ 441,603	\$ 24,181	\$ 1,457,930	\$ 1,762,819	\$ 1,102,867	\$ 17,359,102
\$ 151,963	\$ -	\$ -	\$ 70	\$ -	\$ 320	\$ 351,777
13,731	-	-	-	-	-	13,731
-	276,747	23,199	-	-	128,324	428,270
54,820	-	-	-	-	-	2,263,257
220,514	276,747	23,199	70	-	128,644	3,057,035
-	-	-	272,000	400,000	-	672,000
-	-	-	-	-	-	130,319
-	-	-	272,000	400,000	-	802,319
220,514	276,747	23,199	272,070	400,000	128,644	3,859,354
-	164,856	982	1,185,860	1,362,819	974,223	9,425,133
4,074,615	-	-	-	-	-	4,074,615
4,074,615	164,856	982	1,185,860	1,362,819	974,223	13,499,748
\$ 4,295,129	\$ 441,603	\$ 24,181	\$ 1,457,930	\$ 1,762,819	\$ 1,102,867	\$ 17,359,102

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, 2015

	Motor Fuel Tax	Community Development Block Grant	Foreign Fire Insurance	Criminal Investigations
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,508,788	202,461	134,186	1,720,913
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest	89	-	1,279	6,961
Miscellaneous	-	112,725	25	-
Total Revenues	2,508,877	315,186	135,490	1,727,874
Expenditures				
Current				
General Government	-	-	2,392	12,788
Public Safety	-	-	98,287	192,681
Highways and Streets	-	-	-	-
Community Development	-	165,186	-	-
Capital Outlay	2,719,819	-	-	-
Total Expenditures	2,719,819	165,186	100,679	205,469
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,942)	150,000	34,811	1,522,405
Other Financing Sources (Uses)				
Transfers In	2,000,000	-	-	-
Transfers Out	-	(150,000)	-	-
	2,000,000	(150,000)	-	-
Net Change in Fund Balances	1,789,058	-	34,811	1,522,405
Fund Balances - Beginning	1,550,885	-	351,650	487,584
Fund Balances - Ending	\$ 3,339,943	\$ -	\$ 386,461	\$ 2,009,989

Municipal Parking Operations	TIF I South	TIF II North	TIF III	TIF IV	TIF V	Totals
\$ -	\$ -	\$ -	\$ 360,219	\$ 405,747	\$ -	\$ 765,966
-	-	-	-	-	-	4,566,348
1,026,578	-	-	-	-	-	1,026,578
113,727	-	-	-	-	-	113,727
15,129	1,685	-	4,565	4,685	4,777	39,170
6,895	-	-	-	-	-	119,645
1,162,329	1,685	-	364,784	410,432	4,777	6,631,434
25,560	2,634	-	8,256	9,452	6,576	67,658
-	-	-	-	-	-	290,968
1,246,456	47,993	7,518	-	-	-	1,301,967
-	-	-	19,221	50,100	72,409	306,916
164,065	-	-	-	-	11,303	2,895,187
1,436,081	50,627	7,518	27,477	59,552	90,288	4,862,696
(273,752)	(48,942)	(7,518)	337,307	350,880	(85,511)	1,768,738
-	-	-	-	-	-	2,000,000
-	-	-	(264,400)	-	(429,713)	(844,113)
-	-	-	(264,400)	-	(429,713)	1,155,887
(273,752)	(48,942)	(7,518)	72,907	350,880	(515,224)	2,924,625
4,348,367	213,798	8,500	1,112,953	1,011,939	1,489,447	10,575,123
\$ 4,074,615	\$ 164,856	\$ 982	\$ 1,185,860	\$ 1,362,819	\$ 974,223	\$ 13,499,748

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Intergovernmental				
Motor Fuel Tax Allotments	\$ 1,809,900	\$ 1,809,900	\$ 1,840,510	\$ 1,854,079
Grant - State	334,100	334,100	668,278	334,139
Interest	500	500	89	113
Total Revenues	2,144,500	2,144,500	2,508,877	2,188,331
Expenditures				
Highway and Streets				
Contractual Services	30,000	30,000	-	33,696
Capital Outlay	2,216,900	3,166,397	2,719,819	2,512,555
Total Expenditures	2,246,900	3,196,397	2,719,819	2,546,251
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,400)	(1,051,897)	(210,942)	(357,920)
Other Financing Sources				
Transfers In	-	2,000,000	2,000,000	600,000
Net Change in Fund Balance	\$ (102,400)	\$ 948,103	1,789,058	242,080
Fund Balance - Beginning			1,550,885	1,308,805
Fund Balance - Ending			\$ 3,339,943	\$ 1,550,885

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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Revenues				
Intergovernmental				
Grant - CDBG	\$ 397,591	\$ 396,545	\$ 202,461	\$ 205,661
Miscellaneous				
Program Income	50,000	50,000	112,725	90,717
Total Revenues	447,591	446,545	315,186	296,378
Expenditures				
Community Development				
Planning and Community Development				
Personal Services	57,650	57,450	57,450	56,000
CDBG Program				
Other Charges	239,941	239,095	107,736	90,378
Total Expenditures	297,591	296,545	165,186	146,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	150,000	150,000	150,000
Other Financing (Uses)				
Transfers Out	(150,000)	(150,000)	(150,000)	(150,000)
Net Change in Fund Balance	\$ -	\$ -	-	-
Fund Balance - Beginning			-	-
Fund Balance - Ending			\$ -	\$ -

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Intergovernmental				
Foreign Fire Insurance Tax	\$ 129,500	\$ 129,500	\$ 134,186	\$ 146,650
Interest	1,000	1,000	1,279	1,236
Miscellaneous	-	-	25	206
Total Revenues	130,500	130,500	135,490	148,092
Expenditures				
General Government				
Other Charges	-	-	2,392	-
Public Safety	170,200	170,200	98,287	91,552
Total Expenditures	170,200	170,200	100,679	91,552
Net Change in Fund Balance	<u>\$ (39,700)</u>	<u>\$ (39,700)</u>	34,811	56,540
Fund Balance - Beginning			351,650	295,110
Fund Balance - Ending			<u>\$ 386,461</u>	<u>\$ 351,650</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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Intergovernmental	\$ 110,600	\$ 110,600	\$ 1,720,913	\$ 248,205
Interest	-	-	6,961	3,776
Miscellaneous	-	-	-	648
Total Revenues	110,600	110,600	1,727,874	252,629
Expenditures				
General Government				
Other Charges	-	-	12,788	-
Public Safety	110,100	123,976	192,681	75,781
Total Expenditures	110,100	123,976	205,469	75,781
Net Change in Fund Balance	\$ 500	\$ (13,376)	1,522,405	176,848
Fund Balance - Beginning			487,584	310,736
Fund Balance - Ending			\$ 2,009,989	\$ 487,584

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Charges for Services	\$ 1,012,500	\$ 1,012,500	\$ 1,026,578	\$ 1,080,142
Fines and Forfeitures	70,000	70,000	113,727	89,136
Interest	12,000	12,000	15,129	16,332
Miscellaneous	-	-	6,895	-
Total Revenues	1,094,500	1,094,500	1,162,329	1,185,610
Expenditures				
General Government				
Other Charges	-	-	25,560	-
Highways and Streets				
Personal Services	497,500	497,500	500,786	457,182
Contractual Services	320,900	324,309	341,552	304,207
Other Charges	98,700	100,280	78,018	322,900
Commodities and Supplies	326,100	326,100	326,100	102,038
Capital Outlay	120,000	121,176	164,065	51,281
Total Expenditures	1,363,200	1,369,365	1,436,081	1,237,608
Net Change in Fund Balance	\$ (268,700)	\$ (274,865)	(273,752)	(51,998)
Fund Balance - Beginning			4,348,367	4,400,365
Fund Balance - Ending			\$ 4,074,615	\$ 4,348,367

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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Revenues				
Interest	\$ 1,500	\$ 1,500	\$ 1,685	\$ 1,816
Expenditures				
General Government				
Other Charges	-	-	2,634	-
Highways and Streets				
Contractual Services	5,000	48,000	47,987	11,278
Other Charges	-	-	6	-
Total Expenditures	5,000	48,000	50,627	11,278
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(3,500)	(46,500)	(48,942)	(9,462)
Other Financing (Uses)				
Transfers Out	(8,000)	(8,000)	-	(8,500)
Net Change in Fund Balance	\$ (11,500)	\$ (54,500)	(48,942)	(17,962)
Fund Balance - Beginning			213,798	231,760
Fund Balance - Ending			\$ 164,856	\$ 213,798

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, 2015
(with Comparative Actuals for 2014)**

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Taxes				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Expenditures				
Highways and Streets				
Other Charges	8,000	8,000	7,518	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,000)	(8,000)	(7,518)	-
Other Financing Sources				
Transfers In	8,000	8,000	-	8,500
Net Change in Fund Balance	\$ -	\$ -	(7,518)	8,500
Fund Balance - Beginning			8,500	-
Fund Balance - Ending			\$ 982	\$ 8,500

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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 272,000	\$ 272,000	\$ 360,219	\$ 337,668
Interest	3,000	3,000	4,565	4,486
Total Revenues	275,000	275,000	364,784	342,154
Expenditures				
General Government				
Other Charges	-	-	8,256	-
Community Development				
Contractual Services	10,000	16,310	3,421	4,575
Other Expenditures	30,000	30,000	15,800	15,000
Total Expenditures	40,000	46,310	27,477	19,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	235,000	228,690	337,307	322,579
Other Financing (Uses)				
Transfers Out	(264,400)	(264,400)	(264,400)	(263,400)
Net Change in Fund Balance	\$ (29,400)	\$ (35,710)	72,907	59,179
Fund Balance - Beginning			1,112,953	1,053,774
Fund Balance - Ending			\$ 1,185,860	\$ 1,112,953

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Taxes				
Property Taxes	\$ 500,000	\$ 500,000	\$ 405,747	\$ 449,906
Interest	3,000	3,000	4,685	4,091
Total Revenues	503,000	503,000	410,432	453,997
Expenditures				
General Government				
Other Charges	-	-	9,452	-
Community Development				
Contractual Services	200,000	200,000	-	5,983
Other Expenditures	60,000	60,000	50,100	50,000
Capital Outlay	500,000	500,000	-	475,000
Total Expenditures	760,000	760,000	59,552	530,983
Net Change in Fund Balance	\$ (257,000)	\$ (257,000)	350,880	(76,986)
Fund Balance - Beginning			1,011,939	1,088,925
Fund Balance - Ending			\$ 1,362,819	\$ 1,011,939

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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 300,000	\$ 300,000	\$ -	\$ 58,133
Interest	6,000	6,000	4,777	6,662
Total Revenues	306,000	306,000	4,777	64,795
Expenditures				
General Government				
Other Charges	-	-	6,576	-
Community Development				
Contractual Services	30,000	58,800	22,109	5,774
Other Expenditures	80,000	80,000	50,300	50,000
Capital Outlay	500,000	500,000	11,303	-
Total Expenditures	610,000	638,800	90,288	55,774
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,000)	(332,800)	(85,511)	9,021
Other Financing (Uses)				
Transfers Out	(429,713)	(429,713)	(429,713)	(391,788)
Net Change in Fund Balance	\$ (733,713)	\$ (762,513)	(515,224)	(382,767)
Fund Balance - Beginning			1,489,447	1,872,214
Fund Balance - Ending			\$ 974,223	\$ 1,489,447

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet****April 30, 2015**

	Stormwater Control	Public Building	Emerald Ash Borer	Totals
ASSETS				
Cash and Investments	\$ 3,218,740	\$ 1,371,120	\$ 5,398,055	\$ 9,987,915
Receivables - Net of Allowances				
Accrued Interest	2,205	1,126	-	3,331
Other	17,394	7,410	24,647	49,451
Prepays	-	-	399,794	399,794
Total Assets	<u>\$ 3,238,339</u>	<u>\$ 1,379,656</u>	<u>\$ 5,822,496</u>	<u>\$ 10,440,491</u>
LIABILITIES				
Accounts Payable	\$ 38,076	\$ 24,220	\$ 570,465	\$ 632,761
Accrued Payroll	-	-	11,479	11,479
Total Liabilities	<u>38,076</u>	<u>24,220</u>	<u>581,944</u>	<u>644,240</u>
FUND BALANCES				
Nonspendable	-	-	399,794	399,794
Restricted	3,200,263	-	-	3,200,263
Assigned	-	1,355,436	4,840,758	6,196,194
Total Fund Balances	<u>3,200,263</u>	<u>1,355,436</u>	<u>5,240,552</u>	<u>9,796,251</u>
Total Liabilities and Fund Balances	<u>\$ 3,238,339</u>	<u>\$ 1,379,656</u>	<u>\$ 5,822,496</u>	<u>\$ 10,440,491</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, 2015

	Stormwater Control	Public Building	Emerald Ash Borer	Totals
Revenues				
Interest	\$ 6,170	\$ -	\$ 12,866	\$ 19,036
Miscellaneous	5,996	5,515	-	11,511
Total Revenues	12,166	5,515	12,866	30,547
Expenditures				
Current				
General Government	19,317	8,228	27,371	54,916
Health and Welfare	-	-	293,873	293,873
Capital Outlay	468,560	349,443	2,762,719	3,580,722
Total Expenditures	487,877	357,671	3,083,963	3,929,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	(475,711)	(352,156)	(3,071,097)	(3,898,964)
Other Financing Sources				
Transfers In	-	-	4,600,000	4,600,000
Net Change in Fund Balances	(475,711)	(352,156)	1,528,903	701,036
Fund Balances - Beginning	3,675,974	1,707,592	3,711,649	9,095,215
Fund Balances - Ending	\$ 3,200,263	\$ 1,355,436	\$ 5,240,552	\$ 9,796,251

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Stormwater Control - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 200,000
Interest	5,000	5,000	6,170	9,089
Miscellaneous	-	-	5,996	-
Total Revenues	5,000	5,000	12,166	209,089
Expenditures				
General Government				
Other	-	-	19,317	-
Capital Outlay				
Construction in Progress	400,000	726,508	468,560	450,105
Total Expenditures	400,000	726,508	487,877	450,105
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(395,000)	(721,508)	(475,711)	(241,016)
Other Financing Sources				
Transfers In	-	-	-	1,000,000
Net Change in Fund Balance	\$ (395,000)	\$ (721,508)	(475,711)	758,984
Fund Balance - Beginning			3,675,974	2,916,990
Fund Balance - Ending			\$ 3,200,263	\$ 3,675,974

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ 40,500
Interest	6,000	6,000	5,515	6,242
Total Revenues	6,000	6,000	5,515	46,742
Expenditures				
General Government				
Other	-	-	8,228	-
Capital Outlay				
Contractual Services	750,000	750,000	69,865	-
Capital Outlay	275,000	276,455	279,578	59,319
Total Expenditures	1,025,000	1,026,455	357,671	59,319
Net Change in Fund Balance	<u>\$ (1,019,000)</u>	<u>\$ (1,020,455)</u>	(352,156)	(12,577)
Fund Balance - Beginning			1,707,592	1,720,169
Fund Balance - Ending			<u>\$ 1,355,436</u>	<u>\$ 1,707,592</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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Revenues				
Interest	\$ 35,000	\$ 35,000	\$ 12,866	\$ -
Expenditures				
General Government				
Other	-	-	27,371	-
Health and Welfare				
Personal Services	299,800	299,800	228,518	171,005
Contractual Services	5,700	5,700	2,901	6,633
Commodities and Supplies	149,800	149,800	62,454	35,166
Capital Outlay	2,824,100	3,374,320	2,762,719	957,493
Total Expenditures	3,279,400	3,829,620	3,083,963	1,170,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,244,400)	(3,794,620)	(3,071,097)	(1,170,297)
Other Financing Sources				
Transfers In	6,400,000	6,400,000	4,600,000	600,000
Net Change in Fund Balance	\$ 3,155,600	\$ 2,605,380	1,528,903	(570,297)
Fund Balance - Beginning			3,711,649	4,281,946
Fund Balance - Ending			\$ 5,240,552	\$ 3,711,649

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, 2015

(with Comparative Actuals for 2014)

	2015	2014
ASSETS		
Current Assets		
Cash and Investments	\$ 3,093,727	\$ 3,592,496
Receivables - Net of Allowances		
Accounts - Customer	1,774,309	1,807,333
Accrued Interest	2,502	2,449
Other	16,719	-
Prepays	7,600	5,600
Inventories	692,204	601,837
Total Current Assets	5,587,061	6,009,715
Noncurrent Assets		
Capital Assets		
Nondepreciable	2,648,950	2,648,950
Depreciable	98,825,474	98,804,479
Accumulated Depreciation	(74,783,278)	(73,431,705)
Total Capital Assets	26,691,146	28,021,724
Other Assets		
Investment in Joint Venture	14,695,560	14,834,170
Total Noncurrent Assets	41,386,706	42,855,894
Total Assets	46,973,767	48,865,609
LIABILITIES		
Current Liabilities		
Accounts Payable	255,796	331,026
Accrued Payroll	160,086	139,420
Compensated Absences Payable	103,607	85,791
Total Current Liabilities	519,489	556,237
Long-Term Liabilities		
Compensated Absences Payable	414,430	343,165
Net Other Post-Employment Benefit Obligation Payable	188,114	174,722
Total Long-Term Liabilities	602,544	517,887
Total Liabilities	1,122,033	1,074,124
NET POSITION		
Investment in Capital Assets	26,691,146	28,021,724
Unrestricted	19,160,588	19,769,761
Total Net Position	\$ 45,851,734	\$ 47,791,485

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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 15,994,100	\$ 15,994,100	\$ 14,020,949	\$ 14,152,307
Miscellaneous	82,000	82,000	104,613	79,744
Total Operating Revenues	16,076,100	16,076,100	14,125,562	14,232,051
Operating Expenses				
Operations				
Personal Services	6,033,900	6,033,900	5,908,209	5,798,219
Contractual Services	2,403,500	2,411,160	2,158,225	2,065,418
Northwest Water Commission	3,667,200	3,667,200	3,542,286	3,471,097
Commodities	935,600	1,001,159	693,878	693,909
Charges for Services	1,656,900	1,619,997	1,482,389	1,439,246
Capital Outlay	1,327,000	1,448,949	1,096,947	654,589
Depreciation	-	-	1,351,573	1,414,649
Total Operating Expenses	16,024,100	16,182,365	16,233,507	15,537,127
Operating Income (Loss)	52,000	(106,265)	(2,107,945)	(1,305,076)
Nonoperating Revenues				
Interest Income	11,000	11,000	9,299	10,762
Other Income	17,000	17,000	177,461	(55,859)
Other Expenses	-	-	(18,566)	-
	28,000	28,000	168,194	(45,097)
Income (Loss) Before Transfers	80,000	(78,265)	(1,939,751)	(1,350,173)
Transfers Out	(80,000)	(80,000)	-	-
Change in Net Position	\$ -	\$ (158,265)	(1,939,751)	(1,350,173)
Net Position - Beginning			47,791,485	49,141,658
Net Position - Ending			\$ 45,851,734	\$ 47,791,485

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual

For the Fiscal Year Ended April 30, 2015

(with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Operations				
Personal Services				
Finance				
Salaries	\$ 574,200	\$ 574,200	\$ 545,077	\$ 526,029
Overtime	500	500	-	-
Workers' Compensation	1,100	1,100	1,100	1,100
Medical Insurance	101,200	101,200	101,200	96,600
IMRF	79,900	79,900	74,120	74,131
FICA	35,600	35,600	32,782	31,687
Medicare	8,300	8,300	7,667	7,411
Water Utility Operations				
Salaries	3,216,900	3,216,900	3,192,278	3,025,672
Overtime	324,100	324,100	239,219	323,330
Workers' Compensation	229,200	229,200	229,200	222,500
Medical Insurance	690,600	690,600	690,600	642,500
IMRF	490,800	490,800	490,202	498,270
FICA	220,000	220,000	216,919	213,751
Medicare	51,500	51,500	51,003	50,141
Compensated Absences	-	-	23,450	72,657
OPEB Liability	10,000	10,000	13,392	12,440
Total Personal Services	6,033,900	6,033,900	5,908,209	5,798,219
Contractual Services				
Finance				
Professional Services	15,500	15,500	14,100	12,915
Other Services	83,800	83,800	73,450	76,212
Travel and Training	1,000	1,000	10	-
Postage	65,700	65,700	61,105	56,635
Printing	12,000	12,000	7,007	10,461
IT/GIS Service Charge	93,800	93,800	93,800	92,200
Water Utility Operations				
Professional Services	40,000	47,660	36,142	30,027
General Insurance	54,000	54,000	54,000	51,400
Equipment Maintenance	56,000	56,000	17,583	42,827
Radio Maintenance	1,000	1,000	-	-
Building Maintenance	5,000	5,000	808	2,611

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, 2015

(with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Operations - Continued				
Contractual Services - Continued				
Water Utility Operations - Continued				
Pumping Station Maintenance	\$ 17,000	\$ 17,000	\$ 16,377	\$ 8,145
Sewer Collection System	22,000	22,000	11,808	9,623
Water Distribution System	300,000	300,000	319,891	197,174
Meter Installation	270,000	270,000	150,608	183,299
Equipment Rental	210,000	210,000	99,828	128,701
Utility Services	320,000	320,000	372,787	351,476
Disposal Services	80,000	80,000	29,683	29,559
Other Services	60,000	60,000	58,479	45,991
Dues	3,500	3,500	4,914	6,346
Travel and Training	18,200	18,200	10,002	13,748
Postage	3,100	3,100	234	1,907
Printing	1,800	1,800	1,284	1,702
Annual Consumer Report	14,000	14,000	12,738	12,290
IT/GIS Service Charge	186,200	186,200	186,200	163,100
Claims and Refunds	10,000	10,000	56,427	34,278
Vehicle/Equipment Lease Charge	399,900	399,900	399,900	425,800
Telephone Services	60,000	60,000	69,060	76,991
Total Contractual Services	2,403,500	2,411,160	2,158,225	2,065,418
Northwest Water Commission	3,667,200	3,667,200	3,542,286	3,471,097
Commodities				
Finance				
Office Supplies and Equipment	4,000	4,000	-	1,241
Overhead Sewer Rebate Program	25,000	25,000	25,000	50,000
Water Utility Operations				
Publications and Periodicals	500	500	190	-
Office Supplies and Equipment	5,000	5,000	5,039	4,668
Data System Supplies	2,500	2,500	858	394
Clothing	20,500	20,500	17,026	18,157
Petroleum Products	94,600	94,600	69,753	84,766
Water Distribution Supplies	217,000	224,585	172,555	128,781
Meter/Backflow Devices	133,000	146,581	99,209	125,493

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, 2015

(with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Operations - Continued				
Commodities - Continued				
Water Utility Operations - Continued				
Pumping and Storage Supplies	\$ 30,000	\$ 30,000	\$ 8,737	\$ 9,736
Sewer and Collection Supplies	48,000	57,205	19,022	28,790
Agricultural Supplies	13,000	13,000	11,612	5,407
Building Supplies	12,000	17,572	12,053	7,713
Chemicals	13,000	13,000	2,899	11,990
Other Equipment and Supplies	80,000	109,616	98,427	55,145
Small Tools and Equipment	17,500	17,500	11,826	16,939
Street and Sidewalk Supplies	200,000	200,000	132,492	115,947
Other Supplies	20,000	20,000	7,180	28,742
Total Commodities	935,600	1,001,159	693,878	693,909
Charges for Services				
Water Utility Operations				
Administrative Service Charge	1,481,000	1,481,000	1,481,000	1,437,900
Operating Contingency	175,900	138,997	-	-
Other	-	-	1,389	1,346
Total Charges for Services	1,656,900	1,619,997	1,482,389	1,439,246
Capital Outlay				
Water Utility Operations				
Office Equipment	15,000	20,197	20,196	10,740
Other Equipment	207,000	253,546	138,645	87,727
Building Improvement	20,000	58,500	39,568	17,096
Construction in Progress	1,085,000	1,116,706	919,533	813,276
	1,327,000	1,448,949	1,117,942	928,839
Less Capital Assets Capitalized	-	-	(20,995)	(274,250)
Total Capital Outlay	1,327,000	1,448,949	1,096,947	654,589
Depreciation	-	-	1,351,573	1,414,649
Total Operating Expenses	\$ 16,024,100	\$ 16,182,365	\$ 16,233,507	\$ 15,537,127

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Net Position - Nonmajor Enterprise Funds April 30, 2015

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 3,114,462	\$ 347,287	\$ 3,461,749
Receivables - Net of Allowances			
Accrued Interest	1,706	498	2,204
Other	80,010	1,877	81,887
Prepays	110,095	-	110,095
Total Current Assets	3,306,273	349,662	3,655,935
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	475,200	475,200
Depreciable	-	2,565,746	2,565,746
Accumulated Depreciation	-	(842,691)	(842,691)
Total Noncurrent Assets	-	2,198,255	2,198,255
Total Assets	3,306,273	2,547,917	5,854,190
LIABILITIES			
Current Liabilities			
Accounts Payable	-	5,709	5,709
Other Payables	-	7,000	7,000
Total Liabilities	-	12,709	12,709
NET POSITION			
Investment in Capital Assets	-	2,198,255	2,198,255
Unrestricted	3,306,273	336,953	3,643,226
Total Net Position	\$ 3,306,273	\$ 2,535,208	\$ 5,841,481

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, 2015

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
Operating Revenues			
Charges for Services	\$ 1,759,911	\$ 54,851	\$ 1,814,762
Operating Expenses			
Operations	1,255,947	921,121	2,177,068
Depreciation	-	68,723	68,723
Total Operating Expenses	1,255,947	989,844	2,245,791
Operating Income (Loss)	503,964	(934,993)	(431,029)
Nonoperating Revenues (Expenses)			
Food and Beverage Tax	-	498,638	498,638
Interest Income	9,689	1,830	11,519
Other Expenses	(18,691)	(2,084)	(20,775)
	(9,002)	498,384	489,382
Change in Net Position	494,962	(436,609)	58,353
Net Position - Beginning	2,811,311	2,971,817	5,783,128
Net Position - Ending	\$ 3,306,273	\$ 2,535,208	\$ 5,841,481

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Cash Flows - Nonmajor Enterprise Funds For the Fiscal Year Ended April 30, 2015

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 1,759,911	\$ 54,851	\$ 1,814,762
Payment to Suppliers	(1,295,580)	(800,295)	(2,095,875)
Payment to Employees	-	(124,169)	(124,169)
	<u>464,331</u>	<u>(869,613)</u>	<u>(405,282)</u>
Cash Flow from Noncapital Financing Activities			
Food and Beverage Tax	-	498,638	498,638
Cash Flows from Investing Activities			
Interest Received	<u>9,689</u>	<u>1,830</u>	<u>11,519</u>
Net Change in Cash and Cash Equivalents	474,020	(369,145)	104,875
Cash and Cash Equivalents - Beginning	<u>2,640,442</u>	<u>716,432</u>	<u>3,356,874</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,114,462</u>	<u>\$ 347,287</u>	<u>\$ 3,461,749</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities.			
Operating Income (Loss)	\$ 503,964	\$ (934,993)	\$ (431,029)
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used in) Operating Activities.			
Depreciation	-	68,723	68,723
Other (Expenses)	(18,691)	(2,084)	(20,775)
(Increase) Decrease in Current Assets	(20,942)	85,890	64,948
Increase (Decrease) in Current Liabilities	-	(87,149)	(87,149)
Net Cash Provided by Operating Activities	<u>\$ 464,331</u>	<u>\$ (869,613)</u>	<u>\$ (405,282)</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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget		Actual	2014
	Original	Final		Actual
Operating Revenues				
Charges for Services	\$ 1,638,000	\$ 1,638,000	\$ 1,759,911	\$ 1,575,908
Operating Expenses				
Operations	1,522,900	1,522,900	1,255,947	1,230,310
Operating Income	115,100	115,100	503,964	345,598
Nonoperating Revenues (Expenses)				
Interest Income	6,000	6,000	9,689	8,915
Other Expenses	-	-	(18,691)	-
	6,000	6,000	(9,002)	8,915
Change in Net Position	<u>\$ 121,100</u>	<u>\$ 121,100</u>	494,962	354,513
Net Position - Beginning			2,811,311	2,456,798
Net Position - Ending			<u>\$ 3,306,273</u>	<u>\$ 2,811,311</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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services				
Social Events	\$ 29,000	\$ 29,000	\$ 36,851	\$ 131,351
Building Management Fees	13,600	13,600	18,000	18,000
Total Operating Revenues	42,600	42,600	54,851	149,351
Operating Expenses				
Operations	556,900	1,030,900	921,121	629,795
Depreciation		-	68,723	68,723
Total Operating Expenses	556,900	1,030,900	989,844	698,518
Operating Income (Loss)	(514,300)	(988,300)	(934,993)	(549,167)
Nonoperating Revenues (Expenses)				
Food and Beverage Tax	468,000	468,000	498,638	470,918
Interest Income	2,500	2,500	1,830	2,466
Other Expenses	-	-	(2,084)	-
	470,500	470,500	498,384	473,384
Income (Loss) Before Contributions	(43,800)	(517,800)	(436,609)	(75,783)
Capital Contributions	50,000	50,000	-	-
Change in Net Position	<u>\$ 6,200</u>	<u>\$ (467,800)</u>	(436,609)	(75,783)
Net Position - Beginning			2,971,817	3,047,600
Net Position - Ending			\$ 2,535,208	\$ 2,971,817

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, 2015**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Combining Statement of Net Position - Internal Service Funds
April 30, 2015**

	Health and Life Insurance	Retiree Health Insurance
ASSETS		
Current Assets		
Cash and Investments	\$ 3,341,058	\$ 345,538
Receivables - Net of Allowances		
Accrued Interest	658	-
Other	18,055	-
Prepays	-	-
Inventories	-	-
Total Current Assets	<u>3,359,771</u>	<u>345,538</u>
Noncurrent Assets		
Capital Assets		
Depreciable	-	-
Accumulated Depreciation	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>3,359,771</u>	<u>345,538</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	259,686	-
Accrued Payroll	4,056	-
Claims Payable	743,388	345,538
Compensated Absences Payable	2,165	-
Total Current Liabilities	<u>1,009,295</u>	<u>345,538</u>
Long-Term Liabilities		
Compensated Absences Payable	8,662	-
Net Other Post-Employment Benefit Obligation Payable	15,234	-
Total Long-Term Liabilities	<u>23,896</u>	<u>-</u>
Total Liabilities	<u>1,033,191</u>	<u>345,538</u>
NET POSITION		
Investment in Capital Assets	-	-
Unrestricted	<u>2,326,580</u>	<u>-</u>
Total Net Position	<u>\$ 2,326,580</u>	<u>\$ -</u>

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 3,860,415	\$ 6,801,414	\$ 5,558,713	\$ 1,816,956	\$ 21,724,094
2,538	4,573	1,926	1,055	10,750
20,863	35,622	30,041	9,819	114,400
-	-	458,664	-	458,664
-	-	69,190	-	69,190
3,883,816	6,841,609	6,118,534	1,827,830	22,377,098
-	-	18,693,285	-	18,693,285
-	-	(10,283,689)	-	(10,283,689)
-	-	8,409,596	-	8,409,596
3,883,816	6,841,609	14,528,130	1,827,830	30,786,694
10,481	95,931	54,908	43,353	464,359
-	3,117	38,923	23,797	69,893
571,555	1,809,957	-	-	3,470,438
-	2,798	25,833	14,059	44,855
582,036	1,911,803	119,664	81,209	4,049,545
-	11,191	103,331	56,235	179,419
-	7,616	93,387	65,051	181,288
-	18,807	196,718	121,286	360,707
582,036	1,930,610	316,382	202,495	4,410,252
-	-	8,409,596	-	8,409,596
3,301,780	4,910,999	5,802,152	1,625,335	17,966,846
\$ 3,301,780	\$ 4,910,999	\$ 14,211,748	\$ 1,625,335	\$ 26,376,442

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, 2015

	Health and Life Insurance	Retiree Health Insurance
Operating Revenues		
Charges for Services	\$ 9,587,926	\$ 1,734,937
Fines and Forfeitures	-	-
Miscellaneous	2,471	132,089
Total Operating Revenues	9,590,397	1,867,026
Operating Expenses		
Operations	9,076,973	2,702,149
Depreciation	-	-
Total Operating Expenses	9,076,973	2,702,149
Operating Income (Loss)	513,424	(835,123)
Nonoperating Revenues (Expenses)		
Disposal of Capital Assets	-	-
Interest Income	5,387	-
Other Expenses	(20,051)	-
	(14,664)	-
Income (Loss) Before Contributions and Transfers	498,760	(835,123)
Capital Contributions	-	-
Transfers In	-	835,123
Transfers Out	(835,123)	-
Change in Net Position	(336,363)	-
Net Position - Beginning	2,662,943	-
Net Position - Ending	\$ 2,326,580	\$ -

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 708,300	\$ 1,883,200	\$ 3,096,544	\$ 1,540,847	\$ 18,551,754
-	-	16,218	-	16,218
12,632	133,435	160,517	-	441,144
720,932	2,016,635	3,273,279	1,540,847	19,009,116
955,795	2,021,031	1,967,637	1,400,472	18,124,057
-	-	1,089,041	-	1,089,041
955,795	2,021,031	3,056,678	1,400,472	19,213,098
(234,863)	(4,396)	216,601	140,375	(203,982)
-	-	286,512	-	286,512
12,513	22,015	18,440	6,023	64,378
(23,167)	(39,557)	(33,359)	(10,904)	(127,038)
(10,654)	(17,542)	271,593	(4,881)	223,852
(245,517)	(21,938)	488,194	135,494	19,870
-	-	14,189	-	14,189
-	-	-	-	835,123
-	-	-	-	(835,123)
(245,517)	(21,938)	502,383	135,494	34,059
3,547,297	4,932,937	13,709,365	1,489,841	26,342,383
\$ 3,301,780	\$ 4,910,999	\$ 14,211,748	\$ 1,625,335	\$ 26,376,442

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Cash Flows - Internal Service Funds For the Fiscal Year Ended April 30, 2015

	Health and Life Insurance	Retiree Health Insurance
Cash Flows from Operating Activities		
Interfund Services Provided	\$ 9,572,150	\$ 1,867,026
Payment to Suppliers	(8,892,956)	(2,685,371)
Payment to Employees	(96,332)	-
	<u>582,862</u>	<u>(818,345)</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	-	835,123
Transfers Out	(835,123)	-
	<u>(835,123)</u>	<u>835,123</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	5,387	-
	<u>5,387</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(246,874)	16,778
Cash and Cash Equivalents - Beginning	3,587,932	328,760
Cash and Cash Equivalents - Ending	<u>\$ 3,341,058</u>	<u>\$ 345,538</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 513,424	\$ (835,123)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities		
Depreciation	-	-
Other (Expenses)	(20,051)	-
(Increase) Decrease in Current Assets	(18,247)	-
Increase (Decrease) in Current Liabilities	107,736	16,778
	<u>107,736</u>	<u>16,778</u>
Net Cash Provided by Operating Activities	<u>\$ 582,862</u>	<u>\$ (818,345)</u>
Noncash Capital and Related Financing Activities		
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 720,932 (660,860) - 60,072	\$ 2,016,635 (2,149,213) (72,799) (205,377)	\$ 3,273,279 (562,137) (951,524) 1,759,618	\$ 1,540,847 (956,712) (424,396) 159,739	\$ 18,990,869 (15,907,249) (1,545,051) 1,538,569
-	-	-	-	835,123
-	-	-	-	(835,123)
-	-	-	-	-
-	-	337,588	-	337,588
-	-	(1,880,952)	-	(1,880,952)
-	-	(1,543,364)	-	(1,543,364)
12,513	22,015	18,440	6,023	64,378
72,585	(183,362)	234,694	165,762	59,583
3,787,830	6,984,776	5,324,019	1,651,194	21,664,511
\$ 3,860,415	\$ 6,801,414	\$ 5,558,713	\$ 1,816,956	\$ 21,724,094
\$ (234,863)	\$ (4,396)	\$ 216,601	\$ 140,375	\$ (203,982)
-	-	1,089,041	-	1,089,041
(23,167)	(39,557)	(33,359)	(10,904)	(127,038)
(20,813)	(35,519)	755,467	1,454	682,342
338,915	(125,905)	(268,132)	28,814	98,206
\$ 60,072	\$ (205,377)	\$ 1,759,618	\$ 159,739	\$ 1,538,569
\$ -	\$ -	\$ 14,189	\$ -	\$ 14,189

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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 9,208,000	\$ 9,208,000	\$ 9,587,926	\$ 9,269,071
Miscellaneous	-	-	2,471	1,727
Total Operating Revenues	9,208,000	9,208,000	9,590,397	9,270,798
Operating Expenses				
Operations				
Personal Services	323,600	323,600	323,457	135,431
Contractual Services	4,095,600	4,095,600	3,901,167	3,670,842
Commodities	500	500	556	469
Insurance Claims	5,179,800	5,179,800	4,851,793	4,390,488
Total Operating Expenses	9,599,500	9,599,500	9,076,973	8,197,230
Operating Income (Loss)	(391,500)	(391,500)	513,424	1,073,568
Nonoperating Revenues (Expenses)				
Interest Income	6,000	6,000	5,387	5,990
Other Expenses	-	-	(20,051)	-
	6,000	6,000	(14,664)	5,990
Income (Loss) Before Transfers	(385,500)	(385,500)	498,760	1,079,558
Transfers In	440,000	440,000	-	-
Transfers Out	(1,627,200)	(1,627,200)	(835,123)	(838,490)
Change in Net Position	\$ (1,572,700)	\$ (1,572,700)	(336,363)	241,068
Net Position - Beginning			2,662,943	2,421,875
Net Position - Ending			\$ 2,326,580	\$ 2,662,943

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Operating Revenues				
Charges for Services	\$ 1,649,000	\$ 1,649,000	\$ 1,734,937	\$ 1,677,366
Miscellaneous Income	120,000	120,000	132,089	136,948
Total Operating Revenues	1,769,000	1,769,000	1,867,026	1,814,314
Operating Expenses				
Operations				
Contractual Services	636,400	636,400	602,429	563,855
Insurance Claims	2,759,800	2,759,800	2,099,720	2,088,949
Total Operating Expenses	3,396,200	3,396,200	2,702,149	2,652,804
Income (Loss) Before Transfers	(1,627,200)	(1,627,200)	(835,123)	(838,490)
Transfers In	1,627,200	1,627,200	835,123	838,490
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	-	-
Net Position - Beginning			-	-
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, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 708,300	\$ 708,300	\$ 708,300	\$ 674,600
Miscellaneous Income	-	-	12,632	-
Total Operating Revenues	708,300	708,300	720,932	674,600
Operating Expenses				
Operations				
Contractual Services	409,000	409,000	352,311	11,816
Insurance Claims	425,000	425,000	603,484	1,277,070
Total Operating Expenses	834,000	834,000	955,795	1,288,886
Operating Income (Loss)	(125,700)	(125,700)	(234,863)	(614,286)
Nonoperating Revenues (Expenses)				
Interest Income	12,000	12,000	12,513	14,147
Other Expenses	-	-	(23,167)	-
	12,000	12,000	(10,654)	14,147
Change in Net Position	\$ (113,700)	\$ (113,700)	(245,517)	(600,139)
Net Position - Beginning			3,547,297	4,147,436
Net Position - Ending			\$ 3,301,780	\$ 3,547,297

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, 2015

(with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Operating Revenues				
Charges for Services	\$ 1,883,200	\$ 1,883,200	\$ 1,883,200	\$ 1,828,400
Miscellaneous Income	-	-	133,435	132,980
Total Operating Revenues	1,883,200	1,883,200	2,016,635	1,961,380
Operating Expenses				
Operations				
Personal Services	147,300	147,300	98,681	108,170
Contractual Services	363,900	363,900	305,708	308,996
Commodities	2,300	2,300	1,117	873
Insurance Claims	1,170,000	1,730,000	1,615,525	1,282,364
Total Operating Expenses	1,683,500	2,243,500	2,021,031	1,700,403
Operating Income (Loss)	199,700	(360,300)	(4,396)	260,977
Nonoperating Revenues (Expenses)				
Interest Income	20,000	20,000	22,015	24,106
Other Expenses	-	-	(39,557)	-
	20,000	20,000	(17,542)	24,106
Change in Net Position	\$ 219,700	\$ (340,300)	(21,938)	285,083
Net Position - Beginning			4,932,937	4,647,854
Net Position - Ending			\$ 4,910,999	\$ 4,932,937

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, 2015

(with Comparative Actuals for 2014)

	2015		2014
	Budget	Actual	
	Original	Final	Actual
Operating Revenues			
Charges for Services	\$ 3,101,600	\$ 3,101,600	\$ 3,096,544
Fines and Forfeitures	25,000	25,000	16,218
Miscellaneous Income	180,000	180,000	160,517
Total Operating Revenues	3,306,600	3,306,600	3,273,279
Operating Expenses			
Operations			
Personal Services	1,422,300	1,422,300	1,385,605
Contractual Services	282,200	282,200	190,699
Commodities	512,000	512,000	391,333
Capital Outlay	3,139,100	4,576,897	-
Depreciation	-	-	1,089,041
Total Operating Expenses	5,355,600	6,793,397	3,056,678
Operating Income (Loss)	(2,049,000)	(3,486,797)	216,601
Nonoperating Revenues (Expenses)			
Disposal of Capital Assets	-	-	286,512
Interest Income	18,000	18,000	18,440
Other Expenses	-	-	(33,359)
	18,000	18,000	271,593
Income (Loss) Before Contributions and Transfers	(2,031,000)	(3,468,797)	488,194
Capital Contributions	-	-	14,189
Transfers In	-	-	-
Change in Net Position	\$ (2,031,000)	\$ (3,468,797)	502,383
Net Position - Beginning			13,709,365
Net Position - Ending			\$ 14,211,748

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fleet Operations - Internal Service Fund

Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended April 30, 2015 (with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Personal Services				
Salaries	\$ 930,800	\$ 930,800	\$ 926,916	\$ 864,160
Overtime	50,600	50,600	24,607	43,770
Workers' Compensation	44,100	44,100	44,100	42,800
Medical Insurance	185,100	185,100	185,100	176,000
IMRF	131,700	131,700	126,027	133,404
Social Security	60,800	60,800	57,715	54,940
Medicare	14,200	14,200	13,498	12,849
Compensated Absences	-	-	-	16,261
OPEB Liability	5,000	5,000	7,642	6,594
Total Personal Services	1,422,300	1,422,300	1,385,605	1,350,778
Contractual Services				
Equipment Maintenance	8,900	8,900	6,674	13,588
Radio Maintenance	500	500	-	-
Vehicle Equipment Maintenance	180,000	180,000	115,190	130,165
Vehicle Damage	25,000	25,000	11,154	15,824
Equipment Rental	3,000	3,000	2,145	2,560
Disposal Services	2,000	2,000	669	492
Other Services	200	200	-	295
Dues	600	600	406	798
Travel and Training	2,700	2,700	2,312	717
Postage	200	200	280	173
Printing	1,200	1,200	24	54
Photocopying	200	200	-	-
IT/GIS Service Charge	21,600	21,600	21,600	24,600
Vehicle and Equipment Lease Charge	16,100	16,100	16,100	13,100
Wheeling Bus Maintenance	20,000	20,000	14,145	12,786
Total Contractual Services	282,200	282,200	190,699	215,152
Commodities				
Publications and Periodicals	100	100	86	-
Office Supplies and Equipment	500	500	538	412

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, 2015

(with Comparative Actuals for 2014)

	2015			2014
	Budget		Actual	Actual
	Original	Final		
Commodities - Continued				
Clothing	\$ 5,400	\$ 5,400	\$ 5,776	\$ 7,024
Petroleum Products	800	800	851	856
Non-Village Fuel Resale	172,800	172,800	125,577	164,849
Vehicle Maintenance Supplies	283,500	283,500	239,544	261,219
Other Equipment and Supplies	13,400	13,400	14,173	11,200
Small Tools and Equipment	4,000	4,000	3,167	3,559
Other Supplies	1,500	1,500	1,621	744
Operating Contingency	30,000	30,000	-	15,640
Total Commodities	512,000	512,000	391,333	465,503
Capital Outlay	3,139,100	4,576,897	1,872,452	2,442,340
Less Nonoperating Items				
Capital Assets Capitalized	-	-	(1,872,452)	(2,437,202)
Total Capital Outlay	3,139,100	4,576,897	-	5,138
Depreciation	-	-	1,089,041	1,015,642
Total Operating Expenses	\$ 5,355,600	\$ 6,793,397	\$ 3,056,678	\$ 3,052,213

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, 2015

(with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Operating Revenues				
Charges for Services	\$ 1,536,500	\$ 1,536,500	\$ 1,540,847	\$ 1,516,400
Operating Expenses				
Operations				
Personal Services	829,300	829,300	744,541	760,338
Contractual Services	477,600	477,600	388,256	354,903
Commodities	73,800	73,800	59,482	66,303
Capital Outlay	236,800	236,800	208,193	233,874
Total Operating Expenses	1,617,500	1,617,500	1,400,472	1,415,418
Operating Income (Loss)	(81,000)	(81,000)	140,375	100,982
Nonoperating Revenues (Expenses)				
Interest Income	6,000	6,000	6,023	6,206
Other Expenses	-	-	(10,904)	-
	6,000	6,000	(4,881)	6,206
Change in Net Position	\$ (75,000)	\$ (75,000)	135,494	107,188
Net Position - Beginning			1,489,841	1,382,653
Net Position - Ending			\$ 1,625,335	\$ 1,489,841

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, 2015**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 6,701,102	\$ 4,878,051	\$ 11,579,153
Investments			
U.S. Treasury and Agency Obligations	33,047,207	18,745,452	51,792,659
Corporate and Foreign Corporate Bonds	-	13,672,405	13,672,405
Municipal Bonds	-	1,949,480	1,949,480
Common Stock	-	7,980,338	7,980,338
Equities	70,426,332	47,071,785	117,498,117
Receivables - Net of Allowance			
Accrued Interest	290,137	246,001	536,138
Other	541	610	1,151
Total Assets	110,465,319	94,544,122	205,009,441
LIABILITIES			
Accounts Payable	-	12,156	12,156
Due to Other Funds	2,389,696	2,635,124	5,024,820
Other Payables	36,225	-	36,225
Total Liabilities	2,425,921	2,647,280	5,073,201
NET POSITION			
Held in Trust for Pension Benefits	\$ 108,039,398	\$ 91,896,842	\$ 199,936,240

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Net Position For the Fiscal Year Ended April 30, 2015

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 4,529,400	\$ 5,007,300	\$ 9,536,700
Contributions - Plan Members	986,380	967,685	1,954,065
Contributions - Other	276,199	1,451	277,650
Total Contributions	5,791,979	5,976,436	11,768,415
Investment Income			
Interest Earned	2,903,430	1,687,747	4,591,177
Net Change in Fair Value	5,225,261	4,759,344	9,984,605
	8,128,691	6,447,091	14,575,782
Less Investment Expenses	(291,517)	(183,183)	(474,700)
Net Investment Income	7,837,174	6,263,908	14,101,082
Total Additions	13,629,153	12,240,344	25,869,497
Deductions			
Administration	32,090	35,679	67,769
Benefits and Refunds	5,421,571	5,795,897	11,217,468
Total Deductions	5,453,661	5,831,576	11,285,237
Change in Net Position	8,175,492	6,408,768	14,584,260
Net Position - Beginning	99,863,906	85,488,074	185,351,980
Net Position - Ending	\$ 108,039,398	\$ 91,896,842	\$ 199,936,240

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Additions				
Contributions - Employer	\$ 4,529,000	\$ 4,529,000	\$ 4,529,400	\$ 4,330,880
Contributions - Plan Members	1,158,000	1,158,000	986,380	971,178
Contributions - Other	-	-	276,199	354,653
Total Contributions	5,687,000	5,687,000	5,791,979	5,656,711
Investment Income				
Interest Earned	3,850,000	3,850,000	2,903,430	2,521,902
Net Change in Fair Value	-	-	5,225,261	6,878,524
	3,850,000	3,850,000	8,128,691	9,400,426
Less Investment Expenses	(265,000)	(265,000)	(291,517)	(265,075)
Net Investment Income	3,585,000	3,585,000	7,837,174	9,135,351
Total Additions	9,272,000	9,272,000	13,629,153	14,792,062
Deductions				
Administration	56,200	56,200	32,090	38,665
Benefits and Refunds	5,424,000	5,540,000	5,421,571	4,903,400
Total Deductions	5,480,200	5,596,200	5,453,661	4,942,065
Change in Net Position	\$ 3,791,800	\$ 3,675,800	8,175,492	9,849,997
Net Position - Beginning			99,863,906	90,013,909
Net Position - Ending			\$ 108,039,398	\$ 99,863,906

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, 2015 (with Comparative Actuals for 2014)

	2015			
	Budget			2014
	Original	Final	Actual	Actual
Additions				
Contributions - Employer	\$ 5,007,300	\$ 5,007,300	\$ 5,007,300	\$ 4,701,000
Contributions - Plan Members	979,000	979,000	967,685	939,894
Contributions - Other	-	-	1,451	822
Total Contributions	5,986,300	5,986,300	5,976,436	5,641,716
Investment Income				
Interest Earned	3,900,000	3,900,000	1,687,747	1,559,256
Net Change in Fair Value	-	-	4,759,344	7,897,801
	3,900,000	3,900,000	6,447,091	9,457,057
Less Investment Expenses	(185,000)	(185,000)	(183,183)	(180,545)
Net Investment Income	3,715,000	3,715,000	6,263,908	9,276,512
Total Additions	9,701,300	9,701,300	12,240,344	14,918,228
Deductions				
Administration	50,600	50,600	35,679	34,929
Benefits and Refunds	5,768,000	5,768,000	5,795,897	5,445,275
Total Deductions	5,818,600	5,818,600	5,831,576	5,480,204
Change in Net Position	\$ 3,882,700	\$ 3,882,700	6,408,768	9,438,024
Net Position - Beginning			85,488,074	76,050,050
Net Position - Ending			\$ 91,896,842	\$ 85,488,074

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2015**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Agency Funds****Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2015**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 1,735,848	\$ 2,211,543	\$ 1,735,848	\$ 2,211,543
Accounts Receivable	79,781	49,958	79,161	50,578
Accrued Interest Receivable	491	-	-	491
Total Assets	<u>\$ 1,816,120</u>	<u>\$ 2,261,501</u>	<u>\$ 1,815,009</u>	<u>\$ 2,262,612</u>
LIABILITIES				
Accounts Payable	\$ 4,072	\$ 15,789	\$ 4,072	\$ 15,789
Deposits Payable	1,812,031	2,246,565	1,811,790	2,246,806
Other Payables	17	-	-	17
Total Liabilities	<u>\$ 1,816,120</u>	<u>\$ 2,262,354</u>	<u>\$ 1,815,862</u>	<u>\$ 2,262,612</u>
Guaranty Deposit Fund				
ASSETS				
Cash and Investments	\$ 324,046	\$ 373,591	\$ 324,046	\$ 373,591
Accrued Interest Receivable	250	-	-	250
Total Assets	<u>\$ 324,296</u>	<u>\$ 373,591</u>	<u>\$ 324,046</u>	<u>\$ 373,841</u>
LIABILITIES				
Accounts Payable	\$ 2,000	\$ 4,600	\$ 2,000	\$ 4,600
Deposits Payable	322,296	369,241	322,296	369,241
Total Liabilities	<u>\$ 324,296</u>	<u>\$ 373,841</u>	<u>\$ 324,296</u>	<u>\$ 373,841</u>

	Beginning Balances	Additions	Deductions	Ending Balances
Escrow Deposits Fund				
ASSETS				
Cash and Investments	\$ 907,009	\$ 1,301,438	\$ 907,009	\$ 1,301,438
Accounts Receivable	620	-	-	620
Total Assets	<u>\$ 907,629</u>	<u>\$ 1,301,438</u>	<u>\$ 907,009</u>	<u>\$ 1,302,058</u>
LIABILITIES				
Accounts Payable	\$ 2,072	\$ 11,189	\$ 2,072	\$ 11,189
Deposits Payable	905,540	1,290,852	905,540	1,290,852
Other Payables	17	-	-	17
Total Liabilities	<u>\$ 907,629</u>	<u>\$ 1,302,041</u>	<u>\$ 907,612</u>	<u>\$ 1,302,058</u>
Special Assessments Collection Fund				
ASSETS				
Cash and Investments	\$ 504,793	\$ 536,514	\$ 504,793	\$ 536,514
Accounts Receivable	79,161	49,958	79,161	49,958
Accrued Interest Receivable	241	-	-	241
Total Assets	<u>\$ 584,195</u>	<u>\$ 586,472</u>	<u>\$ 583,954</u>	<u>\$ 586,713</u>
LIABILITIES				
Deposits Payable	<u>\$ 584,195</u>	<u>\$ 586,472</u>	<u>\$ 583,954</u>	<u>\$ 586,713</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2003A April 30, 2015

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
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>\$ 500,000</u>	<u>\$ 30,200</u>	<u>\$ 530,200</u>		<u>\$ 15,100</u>		<u>\$ 15,100</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2003B

April 30, 2015

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
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>\$ 620,000</u>	<u>\$ 37,200</u>	<u>\$ 657,200</u>		<u>\$ 18,600</u>		<u>\$ 18,600</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2005

April 30, 2015

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
2014	<u>\$ 425,000</u>	<u>\$ 15,512</u>	<u>\$ 440,512</u>	2015	<u>\$ 7,756</u>	2015	<u>\$ 7,756</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2006

April 30, 2015

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
2014	<u>\$ 3,400,000</u>	<u>\$ 136,000</u>	<u>\$ 3,536,000</u>	2015	<u>\$ 68,000</u>	2015	<u>\$ 68,000</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2006A

April 30, 2015

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
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>\$ 1,295,000</u>	<u>\$ 132,200</u>	<u>\$ 1,427,200</u>		<u>\$ 66,100</u>		<u>\$ 66,100</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010

April 30, 2015

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
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>\$ 2,000,000</u>	<u>\$ 282,304</u>	<u>\$ 2,282,304</u>		<u>\$ 141,152</u>		<u>\$ 141,152</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2011

April 30, 2015

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
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>\$ 9,665,000</u>	<u>\$ 3,774,212</u>	<u>\$ 13,439,212</u>		<u>\$ 1,887,106</u>		<u>\$ 1,887,106</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2012A

April 30, 2015

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
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>\$ 9,290,000</u>	<u>\$ 1,027,400</u>	<u>\$ 10,317,400</u>		<u>\$ 513,700</u>		<u>\$ 513,700</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2013

April 30, 2015

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
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>\$ 7,720,000</u>	<u>\$ 1,016,000</u>	<u>\$ 8,736,000</u>		<u>\$ 508,000</u>		<u>\$ 508,000</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2014

April 30, 2015

Date of Issue	October 1, 2014
Date of Maturity	December 1, 2020
Authorized Issue	\$7,625,000
Denomination of Bonds	\$5,000
Interest Rate	2.00% - 3.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	UMB Bank, National Association, Kansas City MO

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2014	\$ 1,265,000	\$ 236,658	\$ 1,501,658	2015	\$ 135,233	2015	\$ 101,425
2015	1,325,000	177,550	1,502,550	2016	88,775	2016	88,775
2016	1,350,000	151,050	1,501,050	2017	75,525	2017	75,525
2017	1,390,000	110,550	1,500,550	2018	55,275	2018	55,275
2018	1,435,000	68,850	1,503,850	2019	34,425	2019	34,425
2019	860,000	25,800	885,800	2020	12,900	2020	12,900
	<u>\$ 7,625,000</u>	<u>\$ 770,458</u>	<u>\$ 8,395,458</u>		<u>\$ 402,133</u>		<u>\$ 368,325</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, 2015 (Unaudited)

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Net Position by Component - Last Ten Fiscal Years April 30, 2015 (Unaudited)

	2006	2007	2008	2009
Governmental Activities				
Net Investment in				
Capital Assets	\$ 86,401,354	\$ 95,942,903	\$ 105,832,314	\$ 110,917,033
Restricted	19,680,403	23,406,560	11,249,654	8,198,492
Unrestricted	42,162,160	39,057,180	47,209,312	44,189,397
Total Governmental Activities	\$ 148,243,917	\$ 158,406,643	\$ 164,291,280	\$ 163,304,922
Business-Type Activities				
Net Investment in				
Capital Assets	\$ 35,676,832	\$ 34,316,474	\$ 37,451,534	\$ 36,981,008
Unrestricted	30,282,536	29,862,422	26,168,160	24,524,508
Total Business-Type Activities	\$ 65,959,368	\$ 64,178,896	\$ 63,619,694	\$ 61,505,516
Primary Government				
Net Investment in				
Capital Assets	\$ 122,078,186	\$ 130,259,377	\$ 143,283,848	\$ 147,898,041
Restricted	19,680,403	23,406,560	11,249,654	8,198,492
Unrestricted	72,444,696	68,919,602	73,377,472	68,713,905
Total Primary Government	\$ 214,203,285	\$ 222,585,539	\$ 227,910,974	\$ 224,810,438

Data Source: Audited Financial Statements

2010	2011	2012	2013	2014	2015
\$ 111,371,613	\$ 113,491,072	\$ 116,954,018	\$ 121,113,330	\$ 127,435,505	\$ 126,928,744
9,270,651	9,452,095	16,263,555	17,517,983	16,796,342	23,943,432
40,570,428	44,485,939	41,494,128	44,224,002	45,211,400	44,627,697
\$ 161,212,692	\$ 167,429,106	\$ 174,711,701	\$ 182,855,315	\$ 189,443,247	\$ 195,499,873
\$ 35,842,122	\$ 34,272,550	\$ 32,777,835	\$ 31,486,324	\$ 30,288,702	\$ 28,889,401
23,450,192	22,632,902	22,739,490	23,159,732	23,285,911	22,803,814
\$ 59,292,314	\$ 56,905,452	\$ 55,517,325	\$ 54,646,056	\$ 53,574,613	\$ 51,693,215
\$ 147,213,735	\$ 147,763,622	\$ 149,731,853	\$ 152,599,654	\$ 157,724,207	\$ 155,818,145
9,270,651	9,452,095	16,263,555	17,517,983	16,796,342	23,943,432
64,020,620	67,118,841	64,233,618	67,383,734	68,497,311	67,431,511
\$ 220,505,006	\$ 224,334,558	\$ 230,229,026	\$ 237,501,371	\$ 243,017,860	\$ 247,193,088

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years April 30, 2015 (Unaudited)

	2006	2007	2008	2009
Expenses				
Governmental Activities				
General Government	\$ 6,963,796	\$ 7,280,703	\$ 4,420,078	\$ 7,979,137
Public Safety	31,411,069	34,040,770	35,805,185	38,545,819
Highways and Streets	11,615,217	16,040,788	21,009,834	20,744,929
Community Development	11,872,460	8,600,956	10,563,305	6,722,697
Health and Welfare	1,966,963	2,147,585	2,273,352	2,504,784
Interest on Long-Term Debt	3,089,512	3,429,230	3,496,323	3,273,165
Total Governmental Activities Expenses	66,919,017	71,540,032	77,568,077	79,770,531
Business-Type Activities				
Water and Sewer	13,084,040	15,182,980	14,221,254	14,582,291
Solid Waste Disposal	1,553,821	1,558,639	1,563,157	1,541,944
Arts, Entertainment & Events	345,743	393,922	435,170	383,033
Total Business-Type Activities Expenses	14,983,604	17,135,541	16,219,581	16,507,268
Total Primary Government Expenses	\$ 81,902,621	\$ 88,675,573	\$ 93,787,658	\$ 96,277,799
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$ 3,874,849	\$ 4,495,042	\$ 4,228,850	\$ 4,300,002
Public Safety	2,667,502	2,840,514	2,879,405	3,109,565
Highways and Streets	2,888,303	2,735,554	2,894,044	2,899,142
Community Development	1,083,918	1,504,432	4,828,838	838,830
Health and Welfare	42,540	51,490	38,325	68,435
Operating Grants and Contributions	3,052,120	2,843,666	3,046,426	2,808,197
Capital Grants and Contributions	360,389	54,000	330,317	790,450
Total Governmental Activities Program Revenues	13,969,621	14,524,698	18,246,205	14,814,621
Business-Type Activities				
Charges for Services				
Water and Sewer	13,035,163	12,047,636	12,258,690	11,789,339
Solid Waste Disposal	1,523,987	1,639,761	1,689,567	1,629,122
Art, Entertainment & Events	22,000	22,414	26,356	32,351
Total Business-Type Activities Program Revenues	14,581,150	13,709,811	13,974,613	13,450,812
Total Primary Government Program Revenues	\$ 28,550,771	\$ 28,234,509	\$ 32,220,818	\$ 28,265,433
Net Revenue (Expenses)				
Governmental Activities	\$ (52,949,396)	\$ (57,015,334)	\$ (59,321,872)	\$ (64,955,910)
Business-Type Activities	(402,454)	(3,425,730)	(2,244,968)	(3,056,456)
Total Primary Government Net Revenue (Expense)	\$ (53,351,850)	\$ (60,441,064)	\$ (61,566,840)	\$ (68,012,366)

2010	2011	2012	2013	2014	2015
\$ 7,563,734	\$ 5,193,600	\$ 6,257,562	\$ 5,373,174	\$ 5,194,272	\$ 6,959,759
39,868,746	40,266,562	41,805,406	43,129,040	43,866,734	44,806,959
17,504,839	17,159,903	17,923,609	19,692,580	23,532,913	22,995,777
7,016,350	6,334,050	5,838,531	5,734,706	2,642,799	2,288,259
2,413,690	1,888,832	1,948,340	2,137,300	5,337,880	5,878,038
3,037,995	2,583,611	2,514,126	1,896,757	1,563,358	1,532,740
77,405,354	73,426,558	76,287,574	77,963,557	82,137,956	84,461,532
14,305,939	15,251,729	14,914,914	15,722,016	15,537,127	16,252,073
1,422,141	1,492,582	1,529,106	1,312,457	1,230,310	1,274,638
440,953	475,793	819,933	511,705	698,518	991,928
16,169,033	17,220,104	17,263,953	17,546,178	17,465,955	18,518,639
\$ 93,574,387	\$ 90,646,662	\$ 93,551,527	\$ 95,509,735	\$ 99,603,911	\$ 102,980,171
\$ 4,434,038	\$ 4,325,464	\$ 4,582,832	\$ 4,978,268	\$ 4,337,694	\$ 4,129,774
2,864,781	2,975,966	2,895,316	2,929,501	3,050,316	3,072,951
2,892,202	2,935,937	3,017,043	3,016,225	3,253,819	3,213,901
976,909	816,738	901,216	1,681,786	31,751	43,722
56,974	51,551	42,754	44,896	1,375,624	1,474,210
2,809,350	2,826,571	2,638,083	2,953,559	2,787,401	4,662,077
108,675	866,648	574,058	1,821,768	1,501,300	133,187
14,142,929	14,798,875	14,651,302	17,426,003	16,337,905	16,729,822
11,908,829	12,730,188	12,960,678	14,344,566	14,232,051	14,125,562
1,627,737	1,406,829	1,701,884	1,593,605	1,575,908	1,759,911
30,375	33,550	132,209	74,611	149,351	54,851
13,566,941	14,170,567	14,794,771	16,012,782	15,957,310	15,940,324
\$ 27,709,870	\$ 28,969,442	\$ 29,446,073	\$ 33,438,785	\$ 32,295,215	\$ 32,670,146
\$ (63,262,425)	\$ (58,627,683)	\$ (61,636,272)	\$ (60,537,554)	\$ (65,800,051)	\$ (67,731,710)
(2,602,092)	(3,049,537)	(2,469,182)	(1,533,396)	(1,508,645)	(2,578,315)
\$ (65,864,517)	\$ (61,677,220)	\$ (64,105,454)	\$ (62,070,950)	\$ (67,308,696)	\$ (70,310,025)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years - Continued April 30, 2015 (Unaudited)

	2006	2007	2008	2009
General Revenues and Other				
Changes in Net Position				
Governmental Activities				
Taxes				
Property	\$ 26,131,769	\$ 30,146,710	\$ 28,321,080	\$ 29,517,038
Sales	11,581,997	11,324,683	10,999,700	10,446,148
Home Rule Sales	6,000,585	6,010,903	5,736,288	5,244,404
Replacement	407,912	443,690	516,811	464,953
Use	923,941	1,000,246	1,079,824	1,085,127
Telecommunications	4,979,356	4,402,338	4,711,422	4,419,759
Utility	-	-	-	-
Hotel	1,301,228	1,530,315	1,705,506	1,360,158
Food and Beverage	1,685,141	1,777,822	1,835,620	1,784,132
Foreign Fire Insurance	88,963	79,812	90,579	90,271
Other	49,996	36,498	45,162	43,066
Shared Income Tax	5,879,378	6,485,022	7,084,398	7,010,647
Investment Earnings	1,924,845	3,114,861	2,121,255	1,090,223
Miscellaneous	1,176,534	825,171	958,864	1,403,621
Contributions	-	-	-	10,005
Transfers	265,164	-	-	-
Total Governmental Activities	62,396,809	67,178,071	65,206,509	63,969,552
Business-Type Activities				
Income (Loss) from Joint Venture	-	249,668	366,174	-
Investment Earnings	509,433	726,097	494,152	235,433
Food and Beverage	422,796	432,456	459,171	478,671
Miscellaneous	521,907	237,036	366,269	228,174
Contributions	-	-	-	-
Transfers	(265,164)	-	-	-
Total Business-Type Activities	1,188,972	1,645,257	1,685,766	942,278
Total Primary Government	\$ 63,585,781	\$ 68,823,328	\$ 66,892,275	\$ 64,911,830
Change in Net Position				
Governmental Activities	\$ 9,447,413	\$ 10,162,737	\$ 5,884,637	\$ (986,358)
Business-Type Activities	786,518	(1,780,473)	(559,202)	(2,114,178)
Total Primary Government Change in Net Position	\$ 10,233,931	\$ 8,382,264	\$ 5,325,435	\$ (3,100,536)

Data Source: Audited Financial Statements

2010	2011	2012	2013	2014	2015
\$ 29,321,029	\$ 28,710,137	\$ 30,715,129	\$ 30,390,556	\$ 30,637,670	\$ 31,550,695
9,570,850	10,369,871	10,519,988	10,333,345	11,488,156	12,060,996
5,139,660	6,574,175	6,897,071	6,582,209	7,033,558	7,310,625
411,138	455,733	410,962	415,244	466,766	454,992
915,224	1,103,427	1,101,284	1,190,737	1,340,067	1,520,258
4,158,597	3,772,498	4,269,272	3,606,605	3,244,472	3,199,974
917,319	4,051,320	5,265,951	5,568,711	5,805,227	5,499,718
893,169	814,905	885,190	959,547	968,827	1,032,228
1,681,355	1,674,096	1,750,023	1,843,377	1,881,211	2,003,859
104,658	117,835	123,597	129,456	146,650	134,186
46,465	52,554	40,782	57,439	313,140	320,071
6,111,105	5,998,989	6,135,155	6,768,141	7,318,303	7,354,986
581,468	351,656	217,990	201,421	285,637	246,993
1,018,158	746,901	886,473	634,380	1,458,299	1,098,755
-	-	-	-	-	-
300,000	50,000	(300,000)	-	-	-
61,170,195	64,844,097	68,918,867	68,681,168	72,387,983	73,788,336
-	-	-	-	-	-
116,958	58,387	27,741	23,362	22,143	20,818
419,219	420,102	433,045	460,424	470,918	498,638
152,713	234,186	320,267	178,341	(55,859)	177,461
-	-	-	-	-	-
(300,000)	(50,000)	300,000	-	-	-
388,890	662,675	1,081,053	662,127	437,202	696,917
\$ 61,559,085	\$ 65,506,772	\$ 69,999,920	\$ 69,343,295	\$ 72,825,185	\$ 74,485,253
\$ (2,092,230)	\$ 6,216,414	\$ 7,282,595	\$ 8,143,614	\$ 6,587,932	\$ 6,056,626
(2,213,202)	(2,386,862)	(1,388,129)	(871,269)	(1,071,443)	(1,881,398)
\$ (4,305,432)	\$ 3,829,552	\$ 5,894,466	\$ 7,272,345	\$ 5,516,489	\$ 4,175,228

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years April 30, 2015 (Unaudited)

	2006	2007	2008	2009
General Fund				
Reserved	\$ 224,326	\$ 1,600,742	\$ 397,168	\$ 251,626
Unreserved	20,189,585	18,974,274	21,720,502	19,086,835
Nonspendable	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 20,413,911</u>	<u>\$ 20,575,016</u>	<u>\$ 22,117,670</u>	<u>\$ 19,338,461</u>
All Other Governmental Funds				
Reserved	\$ 23,882,679	\$ 21,510,777	\$ 12,566,414	\$ 9,166,943
Unreserved, Reported in:				
Special Revenues Funds	1,674,682	926,270	2,627,077	6,441,755
Capital Projects Funds	5,061,858	7,573,195	7,362,727	5,716,699
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 30,619,219</u>	<u>\$ 30,010,242</u>	<u>\$ 22,556,218</u>	<u>\$ 21,325,397</u>

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

Data Source: Audited Financial Statements

2010	2011	2012*	2013	2014	2015
\$ 204,484	\$ 20,005	\$ -	\$ -	\$ -	\$ -
17,415,479	20,207,484	-	-	-	-
-	-	121,491	208,379	317,836	189,328
-	-	600,699	592,930	749,295	874,315
-	-	22,321,417	22,380,114	22,942,073	23,252,947
\$ 17,619,963	\$ 20,227,489	\$ 23,043,607	\$ 23,181,423	\$ 24,009,204	\$ 24,316,590
\$ 9,274,651	\$ 9,459,952	\$ -	\$ -	\$ -	\$ -
6,404,202	6,299,665	-	-	-	-
6,162,092	6,399,997	-	-	-	-
-	-	-	257,979	438,742	399,794
-	-	16,263,555	17,517,983	17,361,269	24,540,110
-	-	8,191,945	10,156,751	9,352,188	10,270,809
\$ 21,840,945	\$ 22,159,614	\$ 24,455,500	\$ 27,932,713	\$ 27,152,199	\$ 35,210,713

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2015 (Unaudited)

	2006	2007	2008	2009
Revenues				
Taxes	\$ 58,631,360	\$ 63,043,931	\$ 62,026,321	\$ 61,375,433
Intergovernmental	2,975,600	2,832,061	3,164,765	2,254,702
Grants/Contributions	562,112	266,749	312,047	1,444,220
Charges for Services	1,652,077	1,729,101	5,248,647	1,795,352
Licenses and Permits	3,915,711	4,414,540	4,206,336	3,737,099
Fines and Fees	4,775,288	5,207,873	5,191,984	5,490,768
Investment Income	1,924,844	3,114,861	2,121,251	1,090,221
Rents and Reimbursables	463,729	468,418	440,515	462,268
Miscellaneous	1,200,545	625,235	740,848	1,134,110
Total Revenues	76,101,266	81,702,769	83,452,714	78,784,173
Expenditures				
General Government	5,548,724	5,686,903	6,116,676	6,536,042
Public Safety	30,362,748	33,002,637	35,059,075	36,927,740
Highways and Streets	10,981,937	11,766,455	12,079,230	12,462,281
Community Development	5,150,798	5,487,557	7,709,444	5,900,626
Health and Welfare	1,966,963	2,147,585	2,273,352	2,412,863
Capital Outlay	11,294,960	32,891,951	19,132,180	9,120,302
Debt Service				
Principal Retirement	6,820,000	5,845,000	5,504,653	6,119,781
Interest and Fiscal Charges	3,543,365	2,520,132	3,592,874	3,189,568
Other Charges	56,762	294,144	10,953	-
Total Expenditures	75,726,257	99,642,364	91,478,437	82,669,203
Excess (Deficiency) of Revenue Over (Under) Expenditures	375,009	(17,939,595)	(8,025,723)	(3,885,030)
Other Financing Sources (Uses)				
Debt Issuance	2,235,000	36,515,000	2,100,000	-
Premium (Discount) on Debt Issuance	5,618	187,842	-	-
Payment to Escrow Agent	-	(16,951,117)	-	-
Transfers In	5,824,288	6,817,268	765,380	1,782,620
Transfers Out	(6,064,724)	(9,077,268)	(765,380)	(1,907,620)
Proceeds from Sale of Capital Assets	-	-	14,353	-
	2,000,182	17,491,725	2,114,353	(125,000)
Net Change in Fund Balance	\$ 2,375,191	\$ (447,870)	\$ (5,911,370)	\$ (4,010,030)
Debt Service as a Percentage of Noncapital Expenditures	14.83%	11.51%	10.16%	11.96%

Data Source: Audited Financial Statements

2010	2011	2012	2013	2014	2015
\$ 59,165,913	\$ 63,577,704	\$ 61,855,652	\$ 60,947,768	\$ 49,884,105	\$ 50,917,170
2,237,939	2,282,831	8,297,534	9,428,030	20,686,642	21,621,147
784,744	1,528,222	1,173,358	1,447,303	4,288,701	4,699,535
1,960,514	2,021,291	2,030,165	2,052,554	5,284,463	5,230,607
3,644,510	3,373,772	3,618,724	4,289,920	5,989,935	5,862,746
5,410,109	5,530,326	5,595,692	6,051,687	755,196	804,726
581,474	351,658	217,990	201,421	218,686	182,615
448,573	406,325	431,382	436,635	-	-
779,348	520,843	649,662	454,263	1,477,909	1,135,234
75,013,124	79,592,972	83,870,159	85,309,581	88,585,637	90,453,780
7,875,528	5,771,441	5,890,843	4,698,107	4,277,526	4,636,827
37,509,901	38,956,847	40,684,642	42,291,156	43,012,679	44,609,076
9,515,911	9,457,575	9,250,565	11,089,158	12,460,690	13,140,609
5,593,968	5,214,087	5,073,806	5,129,100	2,600,895	2,268,019
2,344,242	1,880,681	1,861,099	2,153,765	5,382,571	5,469,806
8,241,071	7,106,267	7,053,543	8,358,862	11,467,725	12,133,539
5,833,691	5,570,000	6,360,000	5,835,000	6,160,000	6,475,000
3,035,994	2,580,096	2,199,945	1,739,404	1,624,978	1,442,549
-	36,426	147,895	-	-	-
79,950,306	76,573,420	78,522,338	81,294,552	86,987,064	90,175,425
(4,937,182)	3,019,552	5,347,821	4,015,029	1,598,573	278,355
10,430,000	2,855,000	19,595,000	-	7,755,000	7,625,000
130,520	34,909	395,279	-	862,170	460,605
(8,426,288)	(2,849,266)	(19,810,106)	-	(8,568,476)	-
4,620,097	1,693,003	2,982,025	5,775,747	3,613,688	9,444,113
(3,020,097)	(1,643,003)	(3,582,025)	(6,175,747)	(5,213,688)	(9,444,113)
-	-	-	-	-	1,940
3,734,232	90,643	(419,827)	(400,000)	(1,551,306)	8,087,545
\$ (1,202,950)	\$ 3,110,195	\$ 4,927,994	\$ 3,615,029	\$ 47,267	\$ 8,365,900
11.09%	10.69%	11.09%	9.32%	9.15%	9.15%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Police Pension Fund Tax Levies and Contributions - Last Ten Tax Levy Years
April 30, 2015 (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
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
2014	4,432,200	4,500,000	102%	4,500,000 *	2016

* 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, 2015 (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
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
2014	5,055,378	5,057,400	100%	5,057,400 *	2016

* 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, 2015 (Unaudited)

Tax Levy Year	Residential Property
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	1,704,562,752
2014	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
\$ 741,323,044	\$ 274,464,955	\$ 391,482	\$ 2,778,386,575	1.187	\$ 8,335,159,725
802,869,636	274,238,259	389,265	2,881,473,308	1.277	8,644,419,924
908,782,142	317,501,919	424,008	3,386,389,500	1.134	10,159,168,500
927,728,746	332,953,746	460,399	3,625,067,678	1.072	10,875,203,034
855,590,509	280,348,725	549,104	3,699,256,030	1.108	11,097,768,090
808,869,919	261,967,060	679,364	3,399,641,981	1.254	10,198,925,943
687,378,788	224,364,941	719,722	3,093,768,989	1.385	9,281,306,967
640,237,374	209,384,276	810,919	2,859,958,555	1.532	8,579,875,665
573,721,999	198,631,738	996,997	2,477,913,486	1.818	7,433,740,458
N/A	N/A	N/A	2,504,219,769	1.816	7,512,659,307

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years* April 30, 2015 (Unaudited)

	2005	2006	2007	2008
Village Direct Rates				
Village of Arlington Heights	0.800	0.866	0.763	0.722
Arlington Heights Memorial Library	0.387	0.411	0.371	0.350
Total Village Direct Rates	1.187	1.277	1.134	1.072
Overlapping Rates				
County (includes Forest Preserve)	0.607	0.557	0.499	0.466
Metro Reclamation District	0.315	0.284	0.263	0.252
School District #25	3.225	3.295	2.890	2.807
School District #214	1.759	1.823	1.621	1.587
School District #512	0.281	0.288	0.260	0.256
Park District's	0.453	0.461	0.404	0.379
Wheeling Township	0.041	0.043	0.038	0.038
Other	0.035	0.037	0.041	0.029
Total Overlapping Rates	6.716	6.788	6.016	5.814
Total Tax Rate Per \$100 of EAV	7.903	8.065	7.150	6.886

Data Source: Cook County Tax Extension Office

* Tax Rates per \$100 of EAV

2009	2010	2011	2012	2013	2014
0.755	0.866	0.955	1.062	1.270	1.269
0.353	0.388	0.430	0.470	0.548	0.547
1.108	1.254	1.385	1.532	1.818	1.816
0.443	0.423	0.520	0.594	0.660	0.637
0.261	0.274	0.320	0.370	0.417	0.430
2.510	2.813	3.101	3.416	3.659	3.678
1.636	1.839	2.067	2.324	2.768	2.776
0.258	0.295	0.334	0.373	0.444	0.451
0.392	0.450	0.496	0.545	0.633	0.636
0.039	0.043	0.048	0.052	0.056	0.052
0.050	0.079	0.059	0.036	0.042	0.042
5.589	6.216	6.945	7.710	8.679	8.702
6.697	7.470	8.330	9.242	10.497	10.518

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2015 (Unaudited)

Taxpayer	2015*			2006		
	Equalized Assessed Value*	Rank	Percentage of Total Village Equalized Assessed Value	Equalized Assessed Value	Rank	Percentage of Total Village Equalized Assessed Value
Luther Village	\$ 43,520,328	1	1.74%	\$ 34,299,173	3	1.190%
Arlington International Racecourse	33,052,332	2	1.32%	42,483,720	2	1.474%
New Plan Excel Realty Trust	31,679,490	3	1.27%			
Town & Country Mall	21,164,121	4	0.85%	14,288,773	10	0.496%
Northpoint Mall	18,921,714	5	0.76%	25,615,142	4	0.889%
Nokia Siemens Networks	14,064,051	6	0.56%	45,754,640	1	1.588%
Marriott	13,339,080	7	0.53%	18,677,976	8	0.648%
Tanglewood Apartments	13,127,643	8	0.52%	24,506,697	5	0.850%
Hamilton Partners	11,942,574	9	0.48%	20,235,457	7	0.702%
The Stonebridge Trust	10,335,198	10	0.41%			
Heller Rour 02186				20,476,171	6	0.711%
Robin Reality Management				16,461,863	9	0.571%
	<u>\$ 211,146,531</u>		<u>8.43%</u>	<u>\$ 262,799,612</u>		<u>9.12%</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 2014 Equalized Assessed Valuations.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Property Tax Levies and Collections - Last Ten Tax Levy Years April 30, 2015 (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
2005	\$ 22,216,690	\$ 21,651,386	97.46%	\$ 230,692	\$ 21,882,078	98.49%
2006	24,939,262	24,703,267	99.05%	114,035	24,817,302	99.51%
2007	25,813,889	24,997,127	96.84%	341,775	25,338,902	98.16%
2008	26,154,462	25,940,264	99.18%	15,544	25,955,808	99.24%
2009	27,931,942	27,168,234	97.27%	147,985	27,316,219	97.80%
2010	29,423,724	28,854,502	98.07%	195,237	29,049,739	98.73%
2011	29,534,588	29,031,124	98.30%	20,219	29,051,343	98.36%
2012	30,348,788	29,791,964	98.17%	84,649	29,876,613	98.44%
2013	31,463,571	30,820,062	97.95%	-	30,820,062	97.95%
2014*	31,778,207	16,420,523	51.67%	-	16,420,523	51.67%

* Levy year 2014 represents only the first of two installments.

Data Source: Office of the Cook County Clerk
Excludes the Library levies and collections

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years April 30, 2015 (Unaudited)

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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	48,423,632	-	48,423,632	1.60%	644.78
2014	42,636,145	-	42,636,145	1.41%	567.72
2015	43,986,033	-	43,986,033	1.45%	585.69

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, 2015 (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)
2006	\$ 64,545,000	\$ 3,678,600	\$ 595,000	\$ 60,271,400	0.72%	\$ 783.33
2007	78,295,000	1,916,428	300,000	76,078,572	0.88%	988.77
2008	73,330,000	1,962,895	-	71,367,105	0.70%	927.53
2009	68,130,000	1,946,327	-	66,183,673	0.61%	860.16
2010	64,690,000	1,789,843	-	62,900,157	0.57%	837.54
2011	59,185,000	1,744,304	-	57,440,696	0.56%	764.85
2012	53,730,000	1,761,874	-	51,968,126	0.56%	691.98
2013	48,423,632	1,724,730	-	46,698,902	0.54%	621.81
2014	42,636,145	1,117,003	-	41,519,142	0.56%	552.84
2015	43,986,033	989,407	-	42,996,626	0.57%	572.52

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, 2015 (Unaudited)

Governmental Unit	Gross Debt	(1) Percentage Debt Applicable to Village	Village's Share of Debt
Village of Arlington Heights	\$ 43,986,033	100.00%	\$ 42,540,000
Community College District 512	170,935,000	16.111%	27,539,338
Arlington Heights School District 25	-	96.627%	-
Cook County School District 15	31,038,099	3.044%	944,800
Cook County School District 21	40,805,000	23.501%	9,589,583
Cook County School District 57	7,045,000	3.719%	262,004
Cook County School District 59	20,685,000	13.336%	2,758,552
Prospect Heights School District 23	10,000,000	35.817%	3,581,700
Palatine Township High School District 211	12,380,000	0.505%	62,519
Arlington Heights School District 214	42,800,000	32.711%	14,000,308
Cook County	3,629,037,767	1.958%	71,056,559
Forest Preserve of Cook County	170,332,164	1.958%	3,335,104
Metropolitan Water Reclamation District of Greater Chicago	2,619,000,317	1.992%	52,170,486
Arlington Heights Park District	20,230,000	96.976%	19,618,245
Buffalo Grove Park District	18,290,000	13.805%	2,524,935
Prospect Heights Park District	8,235,990	5.640%	464,510
Mount Prospect Park District	22,112,000	2.691%	595,034
Palatine Park District	17,750,000	0.981%	174,128
Salt Creek Park District	3,549,000	32.912%	1,168,047
Total Overlapping Debt	6,844,225,337		209,845,850
Total Direct and Overlapping Debt	\$ 6,888,211,370		\$ 252,385,850

(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 2014 Equalized Assessed Valuations.

Data Source: Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Legal Debt Margin

April 30, 2015 (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, 2015 (Unaudited)

Fiscal Year	Water		
	Charges and Other	Less Operating Expenses	Net Available Revenue
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
2015	14,312,322	14,900,500	(588,178)

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	Debt Service		
Principal	Interest	Coverage	Assessment Billed	Principal	Interest	Coverage
\$ 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	-	-	-
-	-	-	23,027	-	-	-

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2015 (Unaudited)

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(2) Unemployment Rate
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	5.80%
2015	75,101	3,024,842,977	40,277	4.60%

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, 2015 (Unaudited)

Employer	2015			2006		
	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%
Paylocity Corp	670	6	0.89%			
Alexian Brothers Health System	500	7	0.67%			
Paddock Publications	500	8	0.67%	550	6	1.38%
Clearbrook	450	9	0.60%			
Kroeschell Inc	450	10	0.60%			
Motorola Inc. - Cellular Phone Division				5,500	1	13.80%
Ameritech/IBM				900	5	2.26%
Market Facts				500	7	1.25%
Village of Arlington Heights				465	8	1.17%
Arlington Park Hilton				400	10	1.00%
	<u>14,424</u>		<u>19.20%</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, 2015 (Unaudited)

Function/Program	2006	2007	2008
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	19.00	19.00
Village Clerk	1.50	1.50	1.50
IT	7.00	6.00	6.00
GIS	2.00	1.00	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	103.00	102.00	111.00
Civilian	3.50	3.50	3.50
Community Development			
Planning and Community Development	11.50	11.50	11.75
Building	18.00	18.00	18.50
Engineering	13.00	13.00	13.00
Health and Welfare			
Health Services	11.00	11.00	11.00
Youth Services	3.50	3.50	3.50
Senior Services	4.50	4.50	4.50
Highways and Streets			
Public Works	42.00	42.00	42.00
Other Public Works			
Water Utility Operations	41.00	41.00	41.00
Fleet Services	11.50	10.50	10.50
Totals	464.00	458.50	468.25

Data Source: Village Budget

2009	2010	2011	2012	2013	2014	2015
6.50	6.50	6.00	6.00	6.00	6.00	5.00
4.50	4.50	4.00	4.00	4.00	4.00	4.00
3.25	3.25	2.75	2.75	2.75	2.75	2.75
19.00	17.50	16.50	17.50	17.50	17.50	18.00
1.50	1.50	1.50	-	-	-	-
6.00	6.00	6.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
8.00	7.00	7.00	7.00	-	-	-
114.00	114.00	109.00	109.00	109.00	109.00	109.00
36.00	34.00	31.00	30.00	30.00	30.00	30.00
111.00	111.00	108.00	108.00	108.00	108.00	108.00
3.50	2.50	2.50	2.50	2.50	2.50	2.50
11.75	11.25	9.00	9.00	9.00	9.00	9.00
19.50	18.50	17.50	16.00	16.00	16.00	16.50
13.00	12.00	10.00	10.00	10.00	10.00	10.00
11.00	11.00	10.00	9.50	9.50	9.50	9.50
3.50	3.50	-	-	-	-	-
4.75	3.75	3.75	3.75	3.50	3.50	3.50
42.25	42.25	37.25	35.25	42.25	42.25	42.25
41.25	41.25	41.25	40.25	40.75	40.75	40.75
10.50	10.50	10.50	10.50	10.50	10.50	10.50
471.75	462.75	434.50	427.00	427.25	427.25	427.25

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years April 30, 2015 (Unaudited)

Function/Program	2006	2007	2008
Public Safety			
Police			
Service Calls	39,997	29,882	29,613
Total Crime Reported	5,076	4,580	5,193
Arrests	2,139	1,486	1,475
Citations Issued	35,739	32,339	33,018
Fire			
Service Calls (EMS)	6,078	6,233	6,588
Service Calls (Non-EMS)	2,930	3,415	3,396
Public Works			
Snow Removal (Miles)	27,089	75,529	97,185
Streets Resurfaced (Miles)	7.11	6.32	8.09
Water			
Water Main Breaks	162	173	174
Sewer Repairs	18	22	23
Average Daily Consumption	8.70 MGD	8.70 MGD	8.70 MGD

Data Source: Various Village Departments

MGD - Millions Gallons Daily

2009	2010	2011	2012	2013	2014	2015
28,074	26,221	26,211	25,425	11,569	23,678	24,148
4,550	3,694	3,815	3,232	1,111	2,270	2,196
1,381	1,309	1,171	1,089	1,006	1,073	921
29,443	24,593	26,443	28,956	15,918	27,584	29,795
6,318	6,387	6,718	6,688	3,283	6,667	6,779
3,198	3,201	3,576	3,349	1,559	3,266	3,286
61,049	53,418	53,188	51,795	24,843	91,651	52,072
8.00	8.52	8.40	9.54	1.60	8.10	8.10
145	284	247	363	100	244	157
24	16	26	13	5	28	32
8.70 MGD	8.70 MGD	8.70 MGD	8.70 MGD	8.70 MGD	8.70 MGD	8.20 MGD

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years April 30, 2015 (Unaudited)

Function/Program	2006	2007	2008	2009
Public Safety				
Police				
Police Stations	1	1	1	1
Marked Police Vehicles	38	38	48	48
Unmarked Police Vehicles	14	16	10	14
Police Motorcycles	4	4	4	4
Fire				
Fire Stations	4	4	4	4
Fire Pumpers	6	6	7	7
Fire Ladder Trucks	2	2	2	2
Rescue Squads	4	4	4	4
Ambulances	6	6	6	6
Utility Vehicles	-	-	-	-
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	9	10
Public Works				
Streets (Miles)	223	229	229	229
Streetlights	3,196	3,207	3,207	3,207
Traffic Signals	9,781	9,784	9,784	9,784
Water				
Water Mains (Miles)	252	252	252	252
Fire Hydrants	2,732	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)	226	226	226	226
Storm Sewers (Miles)	162	162	162	162

Data Source: Various Village Departments

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
49	45	45	44	44	44
14	13	17	17	17	17
4	4	4	4	4	4
4	4	4	4	4	4
6	6	6	6	6	6
2	2	2	2	2	2
3	4	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	1
11	9	9	9	7	7
229	230	230	230	230	230
3,207	3,212	3,212	3,212	3,212	3,865
9,784	9,784	9,784	9,784	9,784	9,784
252	253	253	253	253	260
2,732	2,740	2,740	2,740	2,740	3,318
31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	32,000,000
226	227	227	227	227	255
162	163	163	163	163	213

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2015



August 14, 2015

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

In planning and performing our audit of the financial statements of the Village of Arlington Heights, Illinois, for the year ended April 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, Board of Trustees, management, and others within the Village of Arlington Heights, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

Lauterbach + Amen LLP
LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATION

1. **GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS**

Comment

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which applies to individual pension plans issuing their own audited financial statements, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which applies to the state and local government employers that sponsor pension plans. The Statements apply to the reporting of the Illinois Municipal Retirement Fund (IMRF), Police Pension Fund and Firefighters' Pension Fund for the Village. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the pension plans. The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related accounts in the financial statements and also provide for additional note disclosures and required supplementary information. The Statements are intended to improve information provided by state and local government employers regarding financial support to their pension plans, and ultimately requires that the total net pension liabilities of the pension plans be recorded on the face of the financial statements of the sponsoring government. GASB Statement No. 67 is applicable to the separately issued financial statements of the Illinois Municipal Retirement Fund (IMRF), Police Pension Fund and Firefighters' Pension Fund for the year ended April 30, 2015. GASB Statement No. 68 is applicable to the Village's financial statements for the year ended April 30, 2016.

Recommendation

We recommend that the Village reach out to the private pension actuary engaged to provide the pension fund actuarial calculations (IMRF will automatically be providing the necessary information to all member agencies) in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. Lauterbach & Amen, LLP will also work directly with the Village to assist in the implementation process, including assistance in determining the implementation timeline with the Village and private actuary, providing all framework for the financial statements in order to complete the implementation, and assisting in answering any questions or concerns the Village or pension fund(s) might have related to the implementation process or requirements.

Status

This comment has not yet been implemented but will be implemented in the April 30, 2016 Comprehensive Annual Financial Report.