

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2016



VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

33 South Arlington Heights Road
Arlington Heights, Illinois 60005-1499

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2016

Prepared by the Finance Department

Thomas F. Kuehne, Finance Director/Treasurer
Mary Juarez, Assistant Finance Director
Alexis Smulson, Accounting Manager

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

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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
December 31, 2016

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

Steven Touloumis, Director of Building Services

James McCalister, Director of Health and Human Services

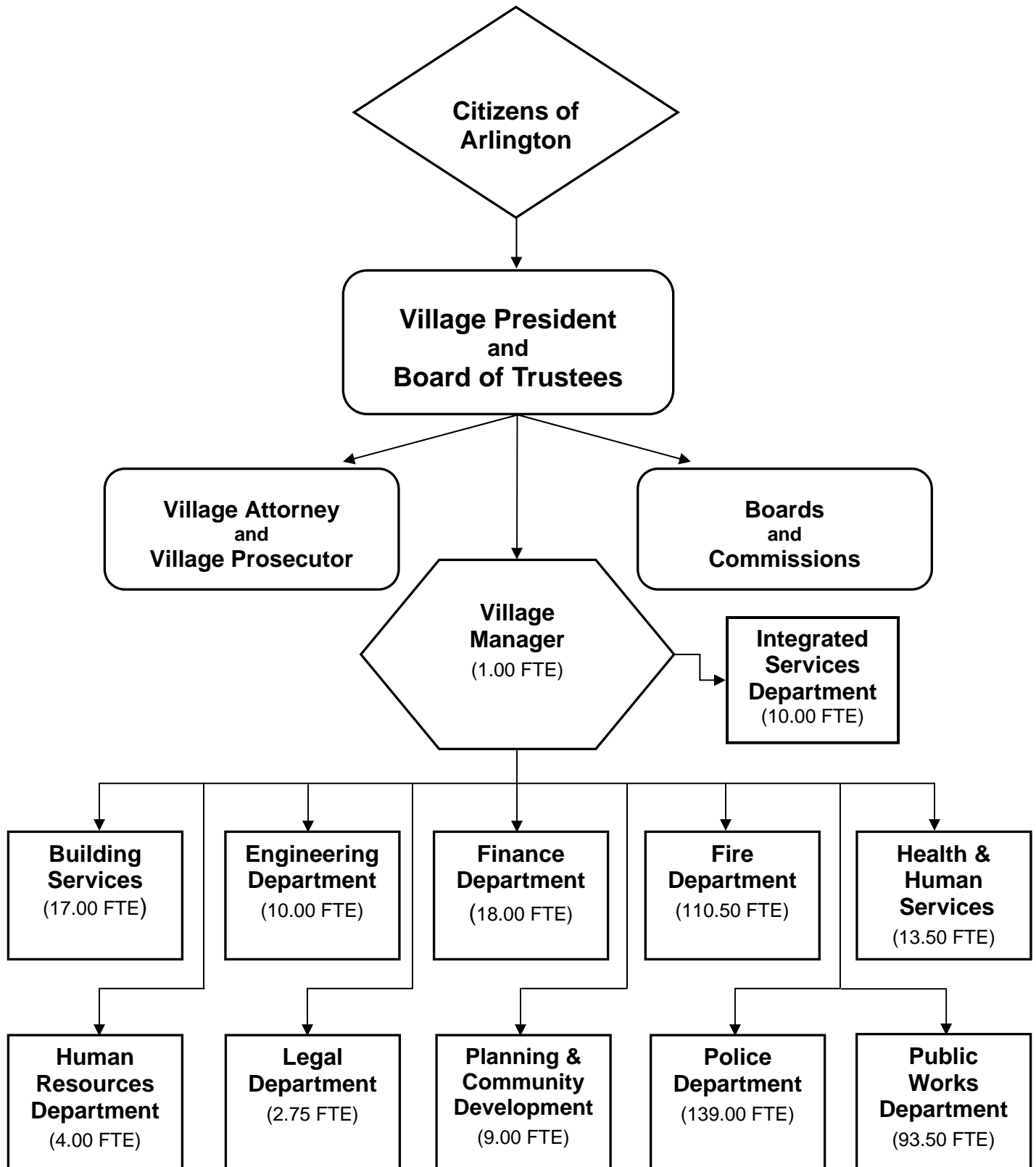
Jim Massarelli, Director of Engineering

Scott Shirley, Public Works Director

VILLAGE OF ARLINGTON HEIGHTS

(428.25 FTE)

ORGANIZATION STRUCTURE





Village of Arlington Heights

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

May 1, 2017

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 December 31, 2016, 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 & 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 year ended December 31, 2016, 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 year ended December 31, 2016, 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 assigned and unassigned components of fund balance) in the General Fund at year end was 44.7% of total General Fund expenditures. This is within the minimum fund balance level established in the Village's financial performance goals. 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 2016. The Village's ongoing economic strength is demonstrated by new businesses that continue to open in the Village. 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 multi-use redevelopment called Arlington Downs. The site includes the recently opened luxury apartments in the existing building that was completely gutted and redeveloped, new 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 few 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 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 ended December 31, 2016; 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 \$8.35 million was spent on the ongoing street resurfacing and street reconstruction programs.
- \$2.97 million was spent on water and sewer rehabilitation and replacement projects.
- Other significant capital expenses included:
 - Over \$500,000 toward the replacement of Village vehicles;
 - \$894,000 on storm water control improvements;
 - \$789,000 for the removal and replacement of parkway ash trees;
 - \$552,000 for municipal parking lot improvements.

Relevant Financial Policies

During 2016 the Village Board approved phase two of a two-year plan to increase annual expenditures for street resurfacing and reconstruction projects from \$5.8 million to \$8.5 million, or an increase of \$2.7 million per year. This was accomplished by increasing the property tax levy specifically for this purpose, and by providing an annual allocation of \$500,000 from the Village's Solid Waste Fund for street purposes.

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 eight-month period ended December 31, 2015. This was the twenty-seventh 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, Alexis Smulson, 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,



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 Eight Months Ended

December 31, 2015

Executive Director/CEO

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

May 1, 2017

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Arlington Heights, Illinois, as of and for the year ended December 31, 2016, 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. 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 December 31, 2016, 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' basic financial statements. 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.

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.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on Page iv) and the Village's financial statements (beginning on Page 3).

Financial Highlights

- The Village's total net position increased by \$2.9 million or 1.8% during the calendar year ending December 31, 2016. The governmental net position increased by \$6.6 million and the business-type activities net position decreased by \$3.7 million.
- The Village's combined Governmental Funds ending fund balance increased by \$32.2 million.
- At the end of the current fiscal year, the unrestricted fund balance for the General Fund was \$31,115,143 or 44.5% 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 3-6) 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 5-6) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statements allow the demonstration of source and uses and/or budgeting compliance associated therewith. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on major funds, rather than fund types. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental Funds

The Governmental Major Fund presentation (see Pages 7-8 and 10-11) 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 17 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 13-16) 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 17-18). 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 9 and 12). 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 19-79 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 80-93 of this report. The combining and individual fund statements for the governmental, enterprise and internal service funds are presented on Pages 94-157 of this report, immediately following the required supplementary information.

(See independent auditor's report.)

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

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The Village’s combined net position increased by \$2.9 million from 2015, increasing from \$164.6 million to \$167.5 million. The following analysis will look at net position and net expenses of the governmental and business-type activities separately. The total net position for the governmental activities increased by \$6.6 million from \$114.8 million to \$121.4 million. Table 1 reflects the condensed Statement of Net Position compared to FY2015. Table 2 focuses on the changes in net position of the governmental and business-type activities.

Table 1: Statement of Net Position as of December 31, 2016 (In Millions)

	Governmental		Activities Business-Type		Activities		Total Primary Government	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Assets								
Current & Other Assets	\$ 160.3	\$ 126.1	\$ 23.3	\$ 23.2	\$ 183.6	\$ 149.3		
Capital Assets	172.8	170.0	27.0	27.6	199.8	197.6		
Total Assets	333.1	296.1	50.3	50.8	383.4	346.9		
Deferred Outflows of Resources	14.2	18.1	1.4	0.0	15.6	18.1		
Liabilities								
Current Liabilities	15.3	15.8	1.1	0.6	16.4	16.4		
Long-Term Liabilities	171.3	148.0	4.4	0.4	175.7	148.4		
Total Liabilities	186.6	163.8	5.5	1.0	192.1	164.8		
Deferred Inflows of Resources	39.4	35.8	0.1	0.0	39.5	35.8		
Net Position								
Net Investment in Capital Assets	142.1	134.1	27.0	27.6	169.1	161.7		
Restricted	18.5	22.0	0.0	0.0	18.5	22.0		
Unrestricted	(39.2)	(41.4)	19.1	22.2	(20.1)	(19.2)		
Total Net Position	\$ 121.4	\$ 114.7	\$ 46.1	\$ 49.8	\$ 167.5	\$ 164.5		

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.

(See independent auditor’s report.)

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

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and an increase in related net debt, which will not change the invested in capital assets, net of related debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase invested in capital assets, net of related debt.

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

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of related debt.

Current Year Impacts on Net Position

The Village's \$2.9 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$6.6 million and the business-type activities net position decreasing \$3.7 million. The governmental activities total assets and deferred outflow of resources increased by \$33.1 million and the governmental activities total liabilities and deferred inflows of resources increased by \$26.5 million.

The governmental activities total assets increase of \$37.0 million is due to a \$34.2 million increase in current assets and a \$2.8 million increase in capital assets. The governmental activities current assets increase of \$34.2 million is due primarily to the increase in the cash position from the 2016 General Obligation (G.O.) Bond proceeds of \$34.9 million to cover the costs associated with the construction of the new Police Station. The \$2.8 million increase in capital assets was from the increase in the governmental activity capital assets due to the purchase of Property in TIF IV for \$.5 million, additions of right-of-way dedications of \$2.1 million from Easements, Equipment and Vehicles of \$.7 million, along with increases of infrastructure from Public Improvements of \$5.7 million. These additions were offset by the Village's public buildings and vehicles annual depreciation which decreases capital assets and the sale of the 600 University property.

Total governmental activity liabilities increased by \$22.8 million compared to the prior year. The increase was from the significant increase in long-term liabilities from the Village's total bond indebtedness by \$29.0 million which was netted against the decrease of \$6.1 million of Net Pension Liability. The decrease in the Net Pension Liability was due to the GASB 68 guidance that requires governments to allocate the IMRF Net Pension Liability between the Governmental and Business Activities whereas previously the liability was recorded only to the Governmental Activities. Accounts Payable increased about \$830,000 mainly due to a combined change of accruals of approximately a \$327,000 increase in the General Fund, \$138,000 increase in the Capital Fund, \$202,000 increase in the Capital Projects Fund and \$163,000 in the remaining funds.

The Village's other post-employment benefits (OPEB) obligation increased by about \$527,800, from an increase in the Annual OPEB cost. 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 2015 property tax levy and property tax increment monies from the Village's tax increment financing districts that were levied during the eight month calendar year ending December 31, 2015, but are now reported as deferred inflows of resources which reflect unavailable revenue from property taxes. At the start of year ending December 31, 2016, these property tax receipts will become available and will be classified

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 \$.5 million from \$50.8 million to \$50.3 million. This was due to a \$.1 million increase in current assets, along with a \$.6 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 increased \$4.4 million mainly from an increase in Accounts Payable of .4 million and \$4.0 million in the Net Pension Liability-IMRF. The increase in the IMRF Net Pension Liability was due to the GASB 68 guidance that requires governments to allocate the IMRF Net Pension Liability between the Governmental and Business Activities whereas previously the liability was recorded only to the Governmental Activities and not in Business Activities.

Changes in Net Position

The Village's combined change in net position increased by \$2.3 million from a \$.6 million increase to \$2.9 million increase in 2016. The Village's total revenue increased by \$27.2 million. The Village's cost of all programs increased by \$24.9 million. The following table shows the condensed revenues and expenses of the Village's activities:

Table 2: Changes in Net Position for the Year Ended December 31 (In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Revenue						
Program Revenues						
Charges for Services	\$ 12.4	\$ 8.6	\$ 19.1	\$ 11.7	\$ 31.5	\$ 20.3
Operating Grants	2.5	1.8	0.0	0.0	2.5	1.8
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
General Revenues						
Property Taxes & Replacement Taxes	34.2	32.2	0.0	0.0	34.2	32.2
Other Taxes	40.3	27.4	0.1	0.4	40.4	27.9
Other Revenue	2.0	1.0	0.1	0.3	2.1	1.3
Total Revenues	\$ 91.4	\$ 71.0	\$ 19.3	\$ 12.4	\$ 110.7	\$ 83.5
Expenses						
Governmental Activities						
General Government	3.4	5.6	0.0	0.0	3.4	5.6
Public Safety	48.6	43.0	0.0	0.0	48.6	43.0
Highways & Streets	20.5	11.7	0.0	0.0	20.5	11.7
Community Development	3.1	4.4	0.0	0.0	3.1	4.4
Health & Welfare	7.1	3.0	0.0	0.0	7.1	3.0
Interest	2.1	0.9	0.0	0.0	2.1	0.9
Business Type						
Water & Sewer	0.0	0.0	21.1	12.7	21.1	12.7
Solid Waste Disposal	0.0	0.0	1.1	1.0	1.1	1.0
Arts, Ent. & Events	0.0	0.0	0.8	0.6	0.8	0.6
Total Expenses	\$ 84.8	\$ 68.6	\$ 23.0	\$ 14.3	\$ 107.8	\$ 82.9
Change in Net Position	6.6	2.4	(3.7)	(1.9)	2.9	0.5
Ending Net Position	\$ 121.4	\$ 114.8	\$ 46.1	\$ 49.8	\$ 167.5	\$ 164.6

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Normal Impacts on Revenues and Expenses

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

Revenues:

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

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

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

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

Expenses:

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

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

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

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

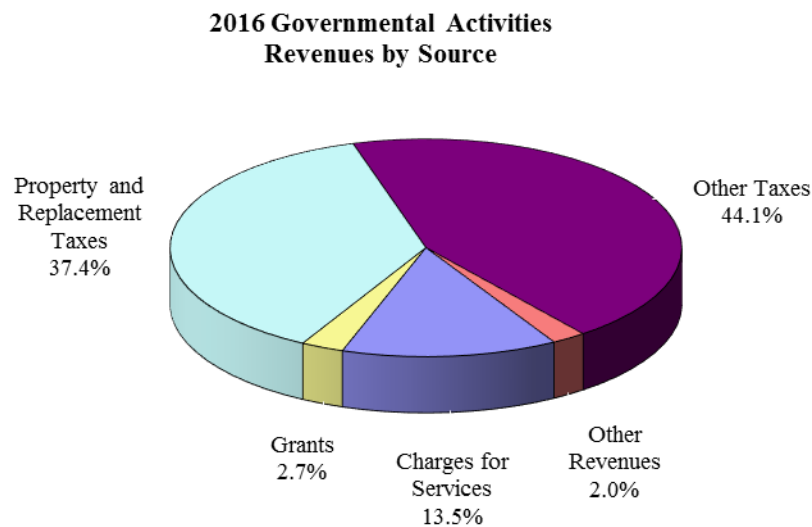
(See independent auditor’s report.)

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

Current Year Impacts

Governmental Activities

Revenues:



For the fiscal year ended December 31, 2016, revenues from Governmental Activities totaled \$91.4 million, which was \$20.4 million more than the prior year total. This large increase is due primarily to the prior year being a short, eight month transition year to a new calendar year end. During the fiscal year property taxes and replacement taxes continued to be one of the Village's largest revenue categories coming in at \$34.2 million and representing 37.4% of total Government Activity revenue. This includes property tax increment revenue generated by the Village's tax increment financing (TIF) districts, which brought in \$950,000 during the calendar year. Property tax receipts increased about \$1.8 million compared to the prior calendar year. This is a result of an overall increase of tax receipts during the year for the 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 \$40.3 million representing 44.1% of the total Governmental Activity revenue. Village sales tax receipts increased by about \$4.6 million or 50% higher than the prior year. Income tax receipts came in higher than last year, increasing by about \$2.0 million. Telecommunication tax receipts increased by about \$1.1 million or 53%. Electric and natural gas utility tax receipts increased by about \$2.4 million due to the extended year which included the cold winter months.

Charges for Services came in at \$12.5 million or 13.5% 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 increased by about \$3.9 million or 45% mainly due to the longer year calendar year.

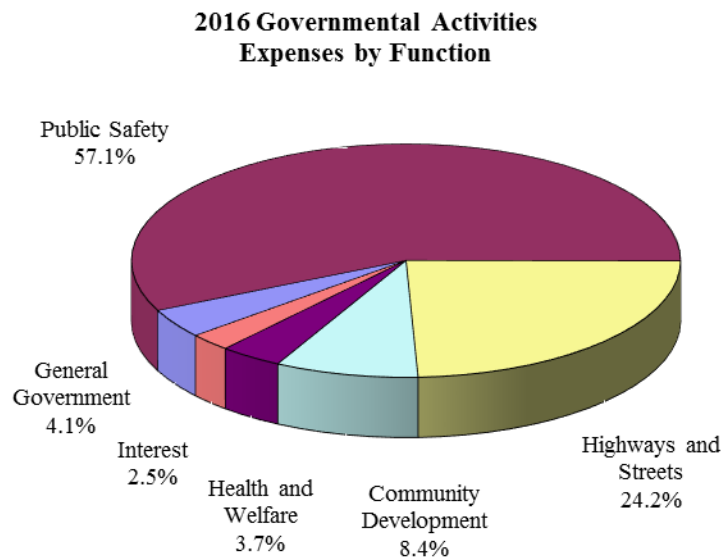
Grants increased by about \$.6 million from the prior year. This increase is due primarily to revenue recognized in the Motor Fuel Tax Fund of \$.6 million in the current year.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenses:



Expenses:

For the year ended December 31, 2016, expenses from Governmental Activities totaled \$84.8 million, an increase of \$16.2 million or 24.0% over the prior year. This increase is due primarily to the prior year being a short, eight month transition year to a new calendar year end. General Government expenses decreased from the prior year by \$2.2 million. The decrease in General Governmental expenses was due to the change in the IMRF Net Pension Liability expense from the GASB 68 guidance that requires governments to allocate the IMRF Net Pension Liability expense between the Governmental and Business Activities, whereas previously the liability was recorded only to the Governmental Activities and not in Business Activities. Public Safety Net Pension Liability expenses increased by \$.6 million for Police and \$1.5 million for Fire.

Business-Type Activities

Revenues:

The total revenue for the business-type activities increased by \$6.9 million. Water and sewer rates increased 19% per the Village's five-year rate plan. The rate adjustment allows the Village to make necessary water main replacements to the water and sanitary sewer infrastructure. Solid Waste Disposal revenues increased \$.4 million over the prior year.

Expenses:

Expenses from business-type activities increased by about \$8.7 million compared to the prior year. The main reason for the increase was from the increase in Personal Services from the full calendar year along with capital Outlay and the IMRF Net Pension Liability expense of \$2.8 million attributable to the Water and Sewer fund. The increase in the IMRF Net Pension Liability expense was due to the GASB 68 guidance that requires governments to allocate the IMRF Net Pension Liability between the Governmental and Business Activities whereas previously the liability was recorded only to the Governmental Activities and not in Business Activities.

(See independent auditor's report.)

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

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

At December 31, 2016 the Governmental Funds (as presented on Page 7-8) reported a combined fund balance of \$96,513,513, which is a 50% increase from the beginning of the year balance of \$64,300,780. This \$32 million increase is a result of \$34.2 million from the 2016 General Obligation (G.O.) Bond proceeds to cover the costs associated with the construction of the new Police Station. Of the total fund balance, \$30,271,109 is unassigned indicating availability for continuing Village services. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Restricted fund balance reflects amounts that can be spent only for specific purposes stipulated by creditors, grantors, contributors, or imposed by law through enabling legislation adopted by the Village. Restricted fund balances totaling \$18,683,413 include \$1,484,337 for debt service, \$6,365,145 for capital projects, \$2,504,508 for public safety (Foreign Fire Insurance and Drug Forfeiture Funds), \$1,962,878 for highways and streets (MFT Fund), and \$3,543,620 for community development (TIF Funds), and \$2,822,925 for the Stormwater Control 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 \$47,134,170 includes \$35,819,516 for Public Building, \$4,596,277 for public parking, \$5,874,343 for emerald ash borer purposes, and \$844,034 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 \$2.8 million or 10.0% over December 31, 2015. Revenues came in over expenditures by \$2,581,665.

Proprietary Funds

At December 31, 2016 the Proprietary Funds (as presented on Pages 13-16) total net position decreased by \$3,734,487 or 7.5%. Accumulated depreciation increased by \$1.4 million and depreciable assets increased by \$741,484.

In the Water & Sewer Fund cash and investments and customer receivables decreased by \$101,800 due to planned expenses coming in higher than revenues. Solid Waste Disposal Fund cash and investments increased by \$65,500. In the A, E & E Fund cash and investments increased \$84,000.

(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	\$ 72,052,500	\$ 72,052,500	\$ 72,554,500
Expenditures	72,070,100	72,716,716	69,972,835
Excess of Revenues			
Over Expenditures	\$ (17,600)	\$ (664,216)	\$ 2,581,665
Other Financing Sources (Uses)	200,000	200,000	200,000
Net Changes in Fund Balance	\$ 182,400	\$ (464,216)	\$ 2,781,665

Over the course of the fiscal year, as shown on page 93 the Village amended the General Fund expenditure budget at various times for a total of \$646,616 or .9% over the original budget. The expenditure budget amendments can be summarized as follows:

\$ 628,616	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>18,000</u>	Miscellaneous budget amendments.
<u>\$ 646,616</u>	Total General Fund expenditure budget amendments.

General Fund revenues ended the fiscal year positively with \$502,000 more than the final budget. Sales, home rule sales, and State use tax receipts came in a combined \$108,262 under budget. Income tax receipts came in under the budget by \$266,370. Food and Beverage Tax came in under budget by \$119,820. Cable Franchise fees outperformed the budget by \$192,920. Electric utility tax receipts came in \$82,060 under budget, along with natural gas utility tax receipts underperforming by \$222,800. Building permit revenue came in over budget by \$589,330. Telecommunications tax receipts came in over budget by \$17,000, but ambulance service charges came in under budget by \$32,550.

The year-end results for General Fund expenditures were also positive as expenditures came in under budget by \$2,743,881. Of this amount salary and fringe expenditures for Police Officers came in under budget by about \$122,200, due to normal vacancies and temporary workers' compensation related vacancies. There were also a number of vacancies in the Public Works, Planning, Building and Engineering Departments that resulted in wages and fringes coming in under budget in these departments by a combined \$382,000. Police and Fire Petroleum Products came in under budget by a combined \$87,000. The Fire Department was also under budget in equipment maintenance, clothing and small tools and equipment for a total of \$89,000. Engineering was under budget in Contractual Services mainly by coming in under budget \$40,000 in the Professional Services account. The Planning Department was under budget in Other Charges by a combined \$79,000 due to decreased spending in the Promote Economic Business Development, Discover Arlington and Zero Interest Loan Program accounts.

The Public Works Department was under budget in Contractual Services \$409,000 mainly due to Building Maintenance and Tree Services coming in under budget. Public Works was also under budget in Commodities by \$933,600 largely due to Street and Sidewalk Maintenance, Petroleum Products, and Agricultural Supplies coming in under budget.

(See independent auditor's report.)

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

Other Financing Uses came in under budget as the \$175,000 budgeted transfer to the Health Insurance Fund was not required. The General Fund's total net change in fund balance increased by \$2,781,665 as a result of revenues coming in over expenditures by \$2,581,579, net of other financing sources (uses) totaling 200,000.

CAPITAL ASSETS

At the end of FY2016, the Village had a combined total of \$199.78 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 38-39 in the Notes to the Financial Statements. Table 4 shows that total capital assets had a net decrease (including additions and deletions) of \$570,000. 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	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Land	\$12.40	\$13.54	\$3.12	\$3.12	\$15.52	\$16.66
Land Right-of-Way (ROW)	79.40	77.30	--	--	79.40	77.30
Construction in Progress	0.00	0.00	--	--	0.00	0.00
Building	58.10	60.60	9.45	9.80	67.55	70.40
Machinery & Equipment	8.20	8.90	1.70	1.90	9.90	10.80
Infrastructure (Streets)	14.70	9.70	--	--	14.70	9.70
Underground Systems (Water & Sewer)	--	--	12.71	12.70	12.71	12.70
Total Capital Assets, Net	\$172.80	\$170.04	\$26.98	\$27.61	\$199.78	\$197.56

(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	Busines-Type Activities	Total
Beginning Balance	\$170.04	\$27.61	\$197.65
Additions			
Depreciable	6.50	0.74	7.24
Non-Depreciable	2.60	-	2.60
CIP	-	-	-
Retirements			
Depreciable	(0.66)	-	(0.66)
Non-Depreciable	(1.63)	-	(1.63)
CIP	-	-	-
Depreciation	(4.71)	(1.40)	(6.11)
Retirement	0.66	-	0.66
Ending Balance	\$172.80	\$26.98	\$199.78

The governmental activities net capital assets increased by \$2.8 million or 1.6% due to the right-of-way additions of \$2.1 million and Equipment and Vehicles of \$670,450, including a Prisoner Van for \$49,000 and a Public Works truck for \$93,000. These additions are netted against Depreciation Expense of \$4,708,400. For business-type activities, the capital assets net of depreciation decreased by \$.6 million or 2.3% due primarily to depreciation on existing assets.

DEBT OUTSTANDING

As of December 31, 2016 total General Obligation Bonds outstanding for governmental activities amounted to \$63.8 million. Of this amount, \$56.6 million for reconstruction of public buildings, \$1.5 million for the NWCDS building, \$5.0 million is for road improvements, and \$.9 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 December 2015 citing the Village's well-managed financial operations and that the village has continued to fully fund the Police and Fire pension plans. Additional information on the Village's long-term debt can be found in the Notes to the Financial Statements on Pages 38-43.

ECONOMIC FACTORS AND NEXT YEAR'S 2017 BUDGET

This 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 mid-April of 2017, the Village's revenue and expenditure budget assumptions for the period ending December 31, 2017 are continuing to come in better than expected.

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.)

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
December 31, 2016**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position

December 31, 2016

	Governmental Activities	Business- Type Activities	Totals	Component Unit Arlington Heights Memorial Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 111,730,117	\$ 5,505,163	\$ 117,235,280	\$ 14,273,948
Receivables - Net of Allowances				
Property Taxes	35,503,470	-	35,503,470	13,968,392
Other Taxes	7,566,100	-	7,566,100	-
Accounts	-	2,374,439	2,374,439	74,450
Accrued Interest	91,757	4,855	96,612	12,946
Other	4,901,956	97,112	4,999,068	-
Prepays/Inventories	499,830	650,417	1,150,247	342,796
Total Current Assets	160,293,230	8,631,986	168,925,216	28,672,532
Noncurrent Assets				
Capital Assets				
Nondepreciable	91,822,143	3,124,150	94,946,293	600,477
Depreciable	182,200,173	102,240,604	284,440,777	18,501,533
Accumulated Depreciation	(101,227,647)	(78,377,916)	(179,605,563)	(11,396,251)
	172,794,669	26,986,838	199,781,507	7,705,759
Other Assets				
Invested in Joint Venture	-	14,656,476	14,656,476	-
Total Noncurrent Assets	172,794,669	41,643,314	214,437,983	7,705,759
Total Assets	333,087,899	50,275,300	383,363,199	36,378,291
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	4,719,874	1,370,174	6,090,048	2,011,258
Deferred Items - Police Pension	4,222,037	-	4,222,037	-
Deferred Items - Firefighters' Pension	4,230,449	-	4,230,449	-
Unamortized Loss on Refunding	1,065,454	-	1,065,454	-
Total Deferred Outflows of Resources	14,237,814	1,370,174	15,607,988	2,011,258
Total Assets and Deferred Outflows of Resources	347,325,713	51,645,474	398,971,187	38,389,549

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	\$ 3,889,050	\$ 935,241	\$ 4,824,291	\$ 285,813
Accrued Payroll	593,628	98,509	692,137	237,835
Accrued Interest	174,208	-	174,208	-
Claims Payable	2,733,341	-	2,733,341	-
Other Payables	2,157,206	-	2,157,206	3,787
Current Portion of				
Long-Term Liabilities	5,731,793	41,948	5,773,741	54,534
Total Current Liabilities	15,279,226	1,075,698	16,354,924	581,969
Noncurrent Liabilities				
Compensated Absences Payable	1,377,144	167,793	1,544,937	218,137
Net Pension Liability - IMRF	13,886,591	4,031,263	17,917,854	5,917,431
Net Pension Liability - Police Pension	41,577,698	-	41,577,698	-
Net Pension Liability - Firefighters' Pension	48,630,145	-	48,630,145	-
Net Other Post-Employment				
Benefits Obligation Payable	4,913,959	164,652	5,078,611	88,988
General Obligation				
Bonds Payable - Net	60,911,366	-	60,911,366	-
Total Noncurrent Liabilities	171,296,903	4,363,708	175,660,611	6,224,556
Total Liabilities	186,576,129	5,439,406	192,015,535	6,806,525
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	434,672	126,185	560,857	185,225
Deferred Items - Police Pension	1,614,011	-	1,614,011	-
Deferred Items - Firefighters' Pension	1,703,595	-	1,703,595	-
Property Taxes	35,503,470	-	35,503,470	13,968,392
Grants	98,105	-	98,105	-
Total Deferred Inflows of Resources	39,353,853	126,185	39,480,038	14,153,617
Total Liabilities and Deferred Inflows of Resources	225,929,982	5,565,591	231,495,573	20,960,142
NET POSITION				
Net Investment in Capital Assets	142,096,216	26,986,838	169,083,054	7,705,759
Restricted - Debt Service	1,310,129	-	1,310,129	-
Restricted - Capital Projects	6,365,145	-	6,365,145	-
Restricted - Motor Fuel Taxes	1,962,878	-	1,962,878	-
Restricted - Foreign Fire Insurance	445,600	-	445,600	-
Restricted - Criminal Investigation	2,058,908	-	2,058,908	-
Restricted - Tax Increment Financing	3,543,620	-	3,543,620	-
Restricted - Stormwater Control	2,822,925	-	2,822,925	-
Restricted - Social Security	-	-	-	326,359
Restricted - Culture, Recreation and Education	-	-	-	9,397,289
Unrestricted (Deficit)	(39,209,690)	19,093,045	(20,116,645)	-
Total Net Position	\$ 121,395,731	\$ 46,079,883	\$ 167,475,614	\$ 17,429,407

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 December 31, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 3,445,379	\$ 4,637,586	\$ 23,000	\$ -
Public Safety	48,437,685	2,979,377	368,809	-
Highways and Streets	20,548,648	3,218,925	1,912,119	-
Health and Welfare	3,130,134	22,905	-	-
Community Development	7,143,680	1,592,920	160,229	-
Interest on Long-Term Debt	2,097,362	-	-	-
Total Governmental Activities	84,802,888	12,451,713	2,464,157	-
Business-Type Activities				
Water and Sewer	21,138,874	17,256,513	-	-
Solid Waste Disposal	1,117,379	1,676,467	-	-
Arts, Entertainment and Events	752,236	130,121	-	-
Total Business-Type Activities	23,008,489	19,063,101	-	-
Total Primary Government	\$ 107,811,377	\$ 31,514,814	\$ 2,464,157	\$ -
Component Unit				
Arlington Heights Memorial Library	\$ 14,777,865	\$ 211,184	\$ 89,305	\$ -

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

Transfers - Internal Balances

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
Governmental	Business-		Unit
Activities	Type	Totals	Arlington Heights
	Activities		Memorial
			Library
\$ 1,215,207	\$ -	\$ 1,215,207	\$ -
(45,089,499)	-	(45,089,499)	-
(15,417,604)	-	(15,417,604)	-
(3,107,229)	-	(3,107,229)	-
(5,390,531)	-	(5,390,531)	-
(2,097,362)	-	(2,097,362)	-
(69,887,018)	-	(69,887,018)	-
-	(3,882,361)	(3,882,361)	-
-	559,088	559,088	-
-	(622,115)	(622,115)	-
-	(3,945,388)	(3,945,388)	-
(69,887,018)	(3,945,388)	(73,832,406)	-
-	-	-	(14,477,376)

33,774,122	-	33,774,122	13,667,250
5,195,181	-	5,195,181	-
6,999,693	-	6,999,693	-
1,944,185	649,046	2,593,231	-
1,096,755	-	1,096,755	-
3,116,898	-	3,116,898	-
129,877	-	129,877	-
335,157	-	335,157	-
14,184,969	-	14,184,969	-
430,829	-	430,829	-
7,310,634	-	7,310,634	-
435,523	21,865	457,388	71,569
1,051,604	39,990	1,091,594	51,383
500,000	(500,000)	-	-
76,505,427	210,901	76,716,328	13,790,202
6,618,409	(3,734,487)	2,883,922	(687,174)
114,777,322	49,814,370	164,591,692	18,116,581
\$ 121,395,731	\$ 46,079,883	\$ 167,475,614	\$ 17,429,407

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2016**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 25,029,560
Receivables - Net of Allowances	
Property Taxes	22,357,360
Other Taxes	6,918,339
Accrued Interest	24,497
Other	1,367,445
Due from Other Funds	93,000
Prepays/Inventories	<u>192,691</u>
 Total Assets	 <u><u>\$ 55,982,892</u></u>
LIABILITIES	
Accounts Payable	\$ 1,761,849
Accrued Payroll	537,351
Due to Other Funds	14,300
Other Payables	4,198
Total Liabilities	<u>2,317,698</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	22,357,360
Grants	-
Total Deferred Inflows of Resources	<u>22,357,360</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,675,058</u>
FUND BALANCES	
Nonspendable	192,691
Restricted	-
Assigned	1,372,488
Unassigned	<u>29,742,655</u>
Total Fund Balances	<u>31,307,834</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 55,982,892</u></u>

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

Debt Service	Capital Projects		Nonmajor	Totals
	Capital Projects	Public Building		
\$ 1,457,992	\$ 5,602,413	\$ 35,984,621	\$ 21,676,202	\$ 89,750,788
6,871,990	5,252,000	-	1,022,120	35,503,470
-	469,601	-	178,160	7,566,100
1,287	5,287	31,467	11,623	74,161
25,058	1,127,400	5,434	2,290,025	4,815,362
-	-	-	-	93,000
-	-	-	232,130	424,821
\$ 8,356,327	\$ 12,456,701	\$ 36,021,522	\$ 25,410,260	\$ 138,227,702
\$ -	\$ 839,556	\$ 202,006	\$ 497,563	\$ 3,300,974
-	-	-	9,783	547,134
-	-	-	93,000	107,300
-	-	-	2,153,008	2,157,206
-	839,556	202,006	2,753,354	6,112,614
6,871,990	5,252,000	-	1,022,120	35,503,470
-	-	-	98,105	98,105
6,871,990	5,252,000	-	1,120,225	35,601,575
6,871,990	6,091,556	202,006	3,873,579	41,714,189
-	-	-	232,130	424,821
1,484,337	6,365,145	-	10,833,931	18,683,413
-	-	35,819,516	10,470,620	47,662,624
-	-	-	-	29,742,655
1,484,337	6,365,145	35,819,516	21,536,681	96,513,513
\$ 8,356,327	\$ 12,456,701	\$ 36,021,522	\$ 25,410,260	\$ 138,227,702

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

December 31, 2016

Total Governmental Fund Balances	\$ 96,513,513
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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.	164,965,239
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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.	26,295,341
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	4,285,202
Deferred Items - Police Pension	2,608,026
Deferred Items - Firefighters' Pension	2,526,854

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(1,636,053)
Net Pension Liability - IMRF	(13,886,591)
Net Pension Liability - Police Pension	(41,577,698)
Net Pension Liability - Firefighters' Pension	(48,630,145)
Net Other Post-Employment Benefit Obligation	(4,704,833)
General Obligation Bonds Payable	(63,770,000)
Unamortized Bond Premium	(2,484,370)
Unamortized Loss on Refunding	1,065,454
Accrued Interest Payable	(174,208)

Net Position of Governmental Activities	<u>\$ 121,395,731</u>
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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 December 31, 2016**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended December 31, 2016

	<u>General</u>
Revenues	
Taxes	\$ 38,491,057
Intergovernmental	22,121,630
Charges for Services	4,172,561
Licenses, Permits and Fees	6,529,300
Fines and Forfeitures	618,695
Interest	93,312
Miscellaneous	527,945
Total Revenues	<u>72,554,500</u>
Expenditures	
Current	
General Government	4,680,170
Public Safety	45,714,323
Highways and Streets	11,805,980
Health and Welfare	2,095,815
Community Development	5,676,547
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>69,972,835</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,581,665</u>
Other Financing Sources (Uses)	
Debt Issuance	-
Premium on Debt Issuance	-
Transfers In	200,000
Transfers Out	-
	<u>200,000</u>
Net Change in Fund Balances	2,781,665
Fund Balances - Beginning	<u>28,526,169</u>
Fund Balances - Ending	<u>\$ 31,307,834</u>

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

Debt Service	Capital Projects		Nonmajor	Totals
	Capital Projects	Public Building		
\$ 6,520,576	\$ 6,193,227	\$ 308,913	\$ 948,218	\$ 52,461,991
-	-	-	2,398,836	24,520,466
-	-	-	1,019,736	5,192,297
-	-	-	-	6,529,300
-	-	-	91,657	710,352
9,397	27,466	144,373	80,895	355,443
282,300	40,782	-	220,341	1,071,368
6,812,273	6,261,475	453,286	4,759,683	90,841,217
-	-	-	-	4,680,170
-	-	-	357,254	46,071,577
-	-	-	1,308,029	13,114,009
-	-	-	235,615	2,331,430
-	-	-	278,714	5,955,261
-	6,675,733	457,754	7,090,596	14,224,083
5,215,000	-	-	-	5,215,000
2,028,442	-	431,465	-	2,459,907
7,243,442	6,675,733	889,219	9,270,208	94,051,437
(431,169)	(414,258)	(435,933)	(4,510,525)	(3,210,220)
-	-	32,900,000	-	32,900,000
-	-	2,022,953	-	2,022,953
415,000	300,000	-	-	915,000
-	-	-	(415,000)	(415,000)
415,000	300,000	34,922,953	(415,000)	35,422,953
(16,169)	(114,258)	34,487,020	(4,925,525)	32,212,733
1,500,506	6,479,403	1,332,496	26,462,206	64,300,780
\$ 1,484,337	\$ 6,365,145	\$ 35,819,516	\$ 21,536,681	\$ 96,513,513

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 December 31, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 32,212,733
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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	6,971,122
Depreciation Expense	(3,455,581)

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(1,995,227)
Change in Deferred Items - Police Pension	(1,327,708)
Change in Deferred Items - Firefighters' Pension	(2,929,411)

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.

Decrease to Compensated Absences Payable	178,021
Decrease to Net Pension Liability - IMRF	4,107,170
Decrease to Net Pension Liability - Police	718,028
Decrease to Net Pension Liability - Firefighters'	1,419,887
Additions to Net Other Post-Employment Benefit Obligations	(504,570)
Amortization of Bond Premium	275,341
Premium on Debt Issuance	(1,590,463)
Amortization of Refunding Loss	(266,136)
Retirement of General Obligation Bonds Payable	5,215,000
Issuance of General Obligation Bonds Payable	(32,900,000)

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.

(79,150)

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.

569,353

Changes in Net Position of Governmental Activities

\$ 6,618,409

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position - Proprietary Funds

December 31, 2016

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Net Position - Proprietary Funds December 31, 2016

	Business-Type Activities - Enterprise			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 1,564,691	\$ 3,940,472	\$ 5,505,163	\$ 21,979,329
Receivables - Net of Allowances				
Accounts - Customer	2,374,439	-	2,374,439	-
Accrued Interest	1,380	3,475	4,855	17,596
Other	14,170	82,942	97,112	86,594
Prepays	7,600	84,624	92,224	-
Inventories	558,193	-	558,193	75,009
Total Current Assets	4,520,473	4,111,513	8,631,986	22,158,528
Noncurrent Assets				
Capital Assets				
Nondepreciable	2,648,950	475,200	3,124,150	-
Depreciable	99,659,858	2,580,746	102,240,604	19,272,623
Accumulated Depreciation	(77,400,329)	(977,587)	(78,377,916)	(11,443,193)
	24,908,479	2,078,359	26,986,838	7,829,430
Other Assets				
Investment in Joint Venture	14,656,476	-	14,656,476	-
Total Noncurrent Assets	39,564,955	2,078,359	41,643,314	7,829,430
Total Assets	44,085,428	6,189,872	50,275,300	29,987,958
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	1,370,174	-	1,370,174	-
Total Assets and Deferred Outflows of Resources	45,455,602	6,189,872	51,645,474	29,987,958

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	\$ 927,087	\$ 8,154	\$ 935,241	\$ 573,776
Accrued Payroll	98,509	-	98,509	46,494
Claims Payable	-	-	-	2,733,341
Compensated Absences Payable	41,948	-	41,948	25,976
Total Current Liabilities	1,067,544	8,154	1,075,698	3,379,587
Noncurrent Liabilities				
Compensated Absences Payable	167,793	-	167,793	103,904
Net Pension Liability - IMRF	4,031,263	-	4,031,263	-
Net Other Post-Employment Benefits Obligation Payable	164,652	-	164,652	209,126
Total Noncurrent Liabilities	4,363,708	-	4,363,708	313,030
Total Liabilities	5,431,252	8,154	5,439,406	3,692,617
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	126,185	-	126,185	-
Total Liabilities and Deferred Inflows of Resources	5,557,437	8,154	5,565,591	3,692,617
NET POSITION				
Investment in Capital Assets	24,908,479	2,078,359	26,986,838	7,829,430
Unrestricted	14,989,686	4,103,359	19,093,045	18,465,911
Total Net Position	\$ 39,898,165	\$ 6,181,718	\$ 46,079,883	\$ 26,295,341

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 December 31, 2016

	Business-Type Activities - Enterprise			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
Operating Revenues				
Charges for Services	\$ 17,169,821	\$ 1,806,588	\$ 18,976,409	\$ 19,033,870
Fines	-	-	-	18,254
Workman's Comp Reimbursements	-	-	-	251,817
Miscellaneous	86,692	-	86,692	264,426
Total Operating Revenues	17,256,513	1,806,588	19,063,101	19,568,367
Operating Expenses				
Operations	17,051,596	1,801,592	18,853,188	18,057,869
Depreciation	1,300,004	68,023	1,368,027	1,252,840
Total Operating Expenses	18,351,600	1,869,615	20,221,215	19,310,709
Operating Income (Loss)	(1,095,087)	(63,027)	(1,158,114)	257,658
Nonoperating Revenues				
Food and Beverage Tax	-	649,046	649,046	-
Disposal of Capital Assets	-	-	-	149,606
Interest Income	5,604	16,261	21,865	80,080
Other Income	39,990	-	39,990	82,009
Other Expenses	(2,787,274)	-	(2,787,274)	-
	(2,741,680)	665,307	(2,076,373)	311,695
Income (Loss) Before Transfers	(3,836,767)	602,280	(3,234,487)	569,353
Transfers In	-	-	-	633,334
Transfers Out	-	(500,000)	(500,000)	(633,334)
Change in Net Position	(3,836,767)	102,280	(3,734,487)	569,353
Net Position - Beginning	43,734,932	6,079,438	49,814,370	25,725,988
Net Position - Ending	\$ 39,898,165	\$ 6,181,718	\$ 46,079,883	\$ 26,295,341

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 December 31, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor	Totals	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 17,256,513	\$ 1,806,588	\$ 19,063,101	\$ -
Interfund Services Provided	-	-	-	19,568,367
Payments to Suppliers	(12,615,030)	(1,667,553)	(14,282,583)	(17,168,828)
Payments to Employees	(4,095,280)	(140,101)	(4,235,381)	(1,769,150)
	546,203	(1,066)	545,137	630,389
Cash Flow from Noncapital Financing Activities				
Food and Beverage Tax	-	649,046	649,046	-
Transfers In	-	-	-	633,334
Transfers Out	-	(500,000)	(500,000)	(633,334)
	-	149,046	149,046	-
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	-	-	-	149,606
Purchase of Capital Assets	(726,484)	(15,000)	(741,484)	(508,734)
	(726,484)	(15,000)	(741,484)	(359,128)
Cash Flows from Investing Activities				
Interest Received	5,604	16,261	21,865	80,080
Net Change in Cash and Cash Equivalents	(174,677)	149,241	(25,436)	351,341
Cash and Cash Equivalents - Beginning	1,739,367	3,791,231	5,530,598	21,627,988
Cash and Cash Equivalents - Ending	\$ 1,564,690	\$ 3,940,472	\$ 5,505,162	\$ 21,979,329
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (1,095,087)	\$ (63,027)	\$ (1,158,114)	\$ 257,658
Adjustments to Reconcile Operating Income Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,300,004	68,023	1,368,027	1,252,840
Other Income	39,990	-	39,990	82,009
(Increase) Decrease in Current Assets	(147,442)	(8,636)	(156,078)	47,215
Increase (Decrease) in Current Liabilities	448,738	2,574	451,312	(1,009,333)
Net Cash Provided by Operating Activities	\$ 546,203	\$ (1,066)	\$ 545,137	\$ 630,389

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Fiduciary Net Position December 31, 2016

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 8,297,009	\$ 2,258,414
Investments		
U.S. Treasury Obligations	28,354,069	-
U.S. Agency Obligations	9,646,817	-
U.S. Property Real Estate	12,331,295	-
Corporate and Foreign Corporate Bonds	31,016,204	-
Municipal Bonds	2,080,468	-
Common Stock	44,691,761	-
Mutual Funds	75,909,051	-
Receivables - Net of Allowances		
Accounts	-	20,184
Accrued Interest	391,593	491
Other	673	-
Due from Other Funds	14,300	-
Total Assets	<u>212,733,240</u>	<u>\$ 2,279,089</u>
LIABILITIES		
Accounts Payable	-	12,411
Deposits Payable	-	2,266,661
Other Payables	72,005	17
Total Liabilities	<u>72,005</u>	<u>\$ 2,279,089</u>
NET POSITION		
Net Position Restricted for Pensions	<u>\$ 212,661,235</u>	

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2016

	Pension Trust
Additions	
Contributions - Employer	\$ 9,600,000
Contributions - Plan Members	2,025,885
Contributions - Other	<u>355,876</u>
Total Contributions	<u>11,981,761</u>
Investment Income	
Interest Earned	4,136,034
Net Change in Fair Value	<u>9,994,939</u>
	14,130,973
Less Investment Expenses	<u>(530,379)</u>
Net Investment Income	<u>13,600,594</u>
Total Additions	<u>25,582,355</u>
Deductions	
Administration	99,523
Benefits and Refunds	<u>12,276,441</u>
Total Deductions	<u>12,375,964</u>
Change in Fiduciary Net Position	13,206,391
Net Position Restricted for Pensions	
Beginning	<u>199,454,844</u>
Ending	<u>\$ 212,661,235</u>

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 December 31, 2016

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 December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, community development, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

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

Fund Financial Statements

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 eleven 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 December 31, 2016

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. The Public Building Fund, also a major fund, is used to account for the costs of planning, development and construction of a new Village hall and police department. Financing is provided by the \$20,000,000 General Obligation Bonds, Series 2006 and the \$32,900,000 General Obligation Bonds, Series 2016.

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 December 31, 2016

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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.

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 generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

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.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

At the first Committee-of-the-Whole (the Committee) meeting in November, the Village Manager submits to the Committee his proposed operating budget for the fiscal year commencing the following January 1. It is for the period January through December 31 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 November and December to obtain citizen comments on the Village Manager’s proposed budget (May for community Development Block Grant funds).

At the first Village Board meeting in December, the Board of Trustees considers the proposed operating budget for the fiscal year commencing the following January 1 as approved by the Committee.

Prior to January 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

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 OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
Police Pension	\$ 71

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 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 OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 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 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 \$21,878,856 and the bank balances totaled \$22,328,246.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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

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	\$ 48,371,761	\$ 48,371,761	\$ -	\$ -	\$ -
U.S. Agency Obligations	14,955,860	14,955,860	-	-	-
Commercial Paper	2,692,762	2,692,762	-	-	-
Illinois Funds	974,486	974,486	-	-	-
IMET	28,361,555	28,361,555	-	-	-
	<u>\$ 95,356,424</u>	<u>\$ 95,356,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Village has the following recurring fair value measurements as of December 31, 2016:

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 48,371,761	\$ 48,371,761	\$ -	\$ -
U.S. Agency Obligations	14,955,860	-	14,955,860	-
Total Investments by Fair Value Level	<u>63,327,621</u>	<u>\$ 48,371,761</u>	<u>\$ 14,955,860</u>	<u>\$ -</u>
Investments Measured at the Net Asset Value (NAV)				
Commercial Paper	2,692,762			
Illinois Funds	974,486			
IMET	28,361,555			
Total Investments Measured at NAV	<u>32,028,803</u>			
Total Investments Measured at Fair Value	<u>\$ 95,356,424</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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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

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 Moody's, IMET 1-3 Year Fund is rated Aaa-bf by Moody's and the Commercial Paper and IMET Convenience Fund are rated AAA by Moody's. The investment ratings for the U.S. Agency Obligations are not available.

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 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 does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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 \$5,259,635 and the bank balances totaled \$5,261,282.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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	\$ 23,415,386	\$ 4,000,000	\$ 12,947,209	\$ 6,468,177	\$ -
U.S. Agency Obligations	1,675,060	150,827	267,023	921,064	336,146
Corporate and Foreign Corporate Bonds	14,893,867	710,906	5,324,897	7,871,894	986,170
Municipal Bonds	409,047	240,648	168,399	-	-
	<u>\$ 40,393,360</u>	<u>\$ 5,102,381</u>	<u>\$ 18,707,528</u>	<u>\$ 15,261,135</u>	<u>\$ 1,322,316</u>

The Fund has the following recurring fair value measurements as of December 31, 2016:

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 23,415,386	\$ 23,415,386	\$ -	\$ -
U.S. Agency Obligations	1,675,060	-	1,675,060	-
Corporate and Foreign Corporate Bonds	14,893,867	-	14,893,867	-
Municipal Bonds	409,047	-	409,047	-
Common Stock	35,492,907	-	35,492,907	-
Equity Securities				
Mutual Funds	33,566,128	-	33,566,128	-
Total Investments Measured at Fair Value	<u>\$ 109,452,395</u>	<u>\$ 23,415,386</u>	<u>\$ 86,037,009</u>	<u>\$ -</u>

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. Agency obligations were rated AAA by Moody's. The corporate bonds and foreign corporate bonds, and municipal bonds were rate AAA-BAA3 by Moody's.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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

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.

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 market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank and evidenced by safekeeping receipts. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, 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 \$33,566,128 invested in mutual funds and \$35,492,907 invested in common stock. At year-end, the Fund does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled 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	33.00%	1.82% - 4.14%
Domestic Equities	5.00% - 52.00%	2.96% - 9.51%
International Equities	5.00%	5.84%
Real Estate	3.00%	5.91%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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

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 January 2016 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 December 31, 2016, are listed in the table above.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 \$3,010,898 and the bank balances totaled \$3,013,698.

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	\$ 4,938,683	\$ 414,319	\$ 1,573,250	\$ 2,951,114	\$ -
U.S. Agency Obligations	7,971,757	598,503	2,251,596	2,152,830	2,968,828
U.S. Property Real Estate	12,331,295	12,331,295	-	-	-
Corporate and Foreign Corporate Bonds	16,122,337	396,110	9,816,344	5,735,977	173,906
Municipal Obligations	1,671,421	1,219,028	242,061	210,332	-
Illinois Funds	26,476	26,476	-	-	-
	<u>\$ 43,061,969</u>	<u>\$ 14,985,731</u>	<u>\$ 13,883,251</u>	<u>\$ 11,050,253</u>	<u>\$ 3,142,734</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 Fund has the following recurring fair value measurements as of December 31, 2016:

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Obligations	\$ 4,938,683	\$ 4,938,683	\$ -	\$ -
U.S. Agency Obligations	7,971,757	-	7,971,757	-
U.S. Property Real Estate	12,331,295	-	12,331,295	-
Corporate and Foreign Corporate Bonds	16,122,337	-	16,122,337	-
Municipal Bonds	1,671,421	-	1,671,421	-
Equity Securities				
Common Stock	9,198,854	9,198,854	-	-
Mutual Funds	42,342,923	42,342,923	-	-
Total Investments by Fair Value Level	94,577,270	\$ 56,480,460	\$ 38,096,810	\$ -
Investments Measured at the Net Asset Value (NAV)				
Illinois Funds	26,476			
Total Investments Measured at Fair Value	\$ 94,603,746			

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. Agency obligations were rated AAA by Moody's. The corporate bonds, the foreign corporate bonds, and municipal obligations were rate AAA-BAA3 by Moody's. The U.S. Property Real Estate was not rated. The Fund's investment in Illinois Funds is rated AAAM by Standard and Poor's.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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. 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 market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank and evidenced by safekeeping receipts. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

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

Concentration Risk. The Fund's investment policy requires diversification of investment to avoid unreasonable risk. Maximum percentages are cash 5%, fixed income 40%, large cap domestic equities 40%, small/mid cap domestic equities 15%, international equities 15%, real estate 11, and Global Tactical AA 9%. In addition to the securities and fair values listed above, the Fund also has \$9,198,854 invested in common stock and \$42,342,923 invested in mutual funds. At December 31, 2016, the Fund's investment in U.S. Property Real Estate of \$12,331,295 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	35.00%	2.50%
Domestic Equities	40.00%	7.60%
International Equities	12.50%	8.10%
Real Estate	12.50%	8.50%
Cash and Cash Equivalents	0.00%	0.00%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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

Concentration Risk – Continued. 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.

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 January 2016 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 December 31, 2016 are listed in the table above.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2015 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 December 31, 2016

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	\$ 525,910	\$ 1,630,712	\$ 12,434,920
Land Right of Way	77,277,602	2,109,621	-	79,387,223
	<u>90,817,324</u>	<u>2,635,531</u>	<u>1,630,712</u>	<u>91,822,143</u>
Depreciable Capital Assets				
Buildings and Improvements	101,639,098	-	-	101,639,098
Machinery, Equipment and Vehicles	22,690,558	670,450	658,807	22,702,201
Infrastructure	52,054,287	5,804,587	-	57,858,874
	<u>176,383,943</u>	<u>6,475,037</u>	<u>658,807</u>	<u>182,200,173</u>
Less Accumulated Depreciation				
Buildings and Improvements	41,039,204	2,477,098	-	43,516,302
Machinery, Equipment and Vehicles	13,757,481	1,412,500	658,807	14,511,174
Infrastructure	42,381,348	818,823	-	43,200,171
	<u>97,178,033</u>	<u>4,708,421</u>	<u>658,807</u>	<u>101,227,647</u>
Total Net Depreciable Capital Assets	<u>79,205,910</u>	<u>1,766,616</u>	<u>-</u>	<u>80,972,526</u>
Total Net Capital Assets	<u>\$ 170,023,234</u>	<u>\$ 4,402,147</u>	<u>\$ 1,630,712</u>	<u>\$ 172,794,669</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 658,585
Public Safety	372,598
Highways and Streets	2,004,521
Health and Welfare	22,948
Community Development	396,929
Internal Service	<u>1,252,840</u>
	<u>\$ 4,708,421</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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	5,810,624	15,000	-	5,825,624
Underground Systems	76,448,321	726,484	-	77,174,805
	101,499,120	741,484	-	102,240,604
Less Accumulated Depreciation				
Buildings and Improvements	9,402,209	388,357	-	9,790,566
Machinery and Equipment	3,906,291	218,097	-	4,124,388
Underground Systems	63,701,389	761,573	-	64,462,962
	77,009,889	1,368,027	-	78,377,916
Total Net Depreciable Capital Assets	24,489,231	(626,543)	-	23,862,688
Total Net Capital Assets	\$ 27,613,381	\$ (626,543)	\$ -	\$ 26,986,838

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

Water and Sewer	\$ 1,300,004
Arts, Entertainment and Events	68,023
	<u>\$ 1,368,027</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

Interfund balances are advances in anticipation of receipts. Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 93,000
Police Pension	General	9,521
Firefighters' Pension	General	4,779
		<u>\$ 107,300</u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Debt Service	Nonmajor Governmental	\$ 415,000 (2)
General	Nonmajor Business-Type	200,000 (1)
Capital Projects	Nonmajor Business-Type	300,000 (1)
Retiree Health Insurance	Health and Life Insurance	633,334 (1)
		<u>\$ 1,548,334</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, and (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due.

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
\$ 2,209,344	\$ 6,602	\$ 123,179	\$ -	\$ 2,092,767

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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	\$ 255,000	\$ -	\$ 255,000	\$ -
\$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	310,000	-	310,000	-
\$16,515,000 General Obligation Refunding Bonds of 2006A, due in annual installments of \$275,000 to \$2,660,000 plus interest at 4.00% through December 1, 2018.	Debt Service	990,000	-	315,000	675,000
\$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	1,775,000	-	230,000	1,545,000
\$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	9,605,000	-	60,000	9,545,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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	\$ 9,105,000	\$ -	\$ 585,000	\$ 8,520,000
\$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	7,685,000	-	2,135,000	5,550,000
\$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	6,360,000	-	1,325,000	5,035,000
\$32,900,000 General Obligation Bonds of 2016, due in annual installments of \$645,000 to \$2,315,000 plus interest at 3.00% to 4.00% through December 1, 2036.	Debt Service	-	32,900,000	-	32,900,000
		\$ 36,085,000	\$ 32,900,000	\$ 5,215,000	\$ 63,770,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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	\$ 1,814,074	\$ 178,021	\$ 356,042	\$ 1,636,053	\$ 362,813
Internal Service	140,668	10,788	21,576	129,880	25,976
Net Pension Liability - IMRF	17,993,761	-	4,107,170	13,886,591	-
Net Pension Liability - Police Pension	42,250,618	-	672,920	41,577,698	-
Net Pension Liability - Firefighters' Pension	49,987,105	-	1,356,960	48,630,145	-
Net Other Post-Employment					
Benefits Obligation	4,386,159	527,800	-	4,913,959	-
General Obligation Bonds	36,085,000	32,900,000	5,215,000	63,770,000	4,995,000
Unamortized Premium	1,169,248	1,590,463	275,341	2,484,370	348,004
	<u>\$ 153,826,633</u>	<u>\$ 35,207,072</u>	<u>\$ 12,005,009</u>	<u>\$ 177,028,696</u>	<u>\$ 5,731,793</u>
Business-Type Activities					
Compensated Absences	\$ 232,014	\$ 22,273	\$ 44,546	\$ 209,741	\$ 41,948
Net Pension Liability - IMRF	-	4,031,263	-	4,031,263	-
Net Other Post-Employment					
Benefits Obligation	173,856	-	9,204	164,652	-
	<u>\$ 405,870</u>	<u>\$ 4,053,536</u>	<u>\$ 53,750</u>	<u>\$ 4,405,656</u>	<u>\$ 41,948</u>

For governmental-type activities, payments on the compensated absences, the net pension liability 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, \$129,880 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, \$209,126 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 December 31, 2016

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
2017	\$ 4,995,000	\$ 2,090,500
2018	5,240,000	1,928,476
2019	5,410,000	1,762,688
2020	5,410,000	1,590,576
2021	4,050,000	1,447,776
2022	4,150,000	1,346,550
2023	3,980,000	1,226,100
2024	4,125,000	1,082,200
2025	3,475,000	933,250
2026	3,150,000	810,050
2027	1,710,000	700,750
2028	1,760,000	649,450
2029	1,810,000	596,650
2030	1,865,000	542,350
2031	1,920,000	486,400
2032	1,980,000	428,800
2033	2,060,000	349,600
2034	2,140,000	267,200
2035	2,225,000	181,600
2036	2,315,000	92,600
Totals	<u>\$ 63,770,000</u>	<u>\$ 18,513,566</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 December 31, 2016

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 December 31, 2016, four agreements have been executed for stores that have opened. The agreements require the Village to rebate to the companies different amounts of sales tax generated by the facilities. The first agreement requires 33 1/3% of municipal 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 1/3% of municipal sales tax to be rebated in annual installments through April 30, 2018 or \$2,000,000, whichever occurs first. The third agreement requires 33 1/3% of municipal sales tax to be rebated in annual installments through May 31, 2023 or \$2,250,000, whichever occurs first. The fourth agreement requires 33 1/3% of municipal sales tax to be rebated in annual installments through August 31, 2025 or \$2,000,000, whichever occurs first. The amount paid/accrued for the fiscal year December 31, 2016 was \$676,710. Total expenditures incurred to date in rebates as of December 31, 2016 was \$3,582,911.

NET POSITION/FUND BALANCE

Fund Balance Classifications

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.

Assigned Fund Balance. The Village reports assigned fund balance in the Public Building (a major fund), the Municipal Parking Operations Fund (a Special Revenue nonmajor fund), and the Emerald Ash Borer Funds, a nonmajor Capital Projects fund. 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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	Public Building	Nonmajor	Totals
Fund Balances						
Nonspendable						
Inventories	\$ 55,148	\$ -	\$ -	\$ -	\$ -	\$ 55,148
Prepays	137,543	-	-	-	232,130	369,673
	<u>192,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,130</u>	<u>424,821</u>
Restricted						
Debt Service	-	1,484,337	-	-	-	1,484,337
Capital Projects	-	-	6,365,145	-	-	6,365,145
Motor Fuel Taxes	-	-	-	-	1,962,878	1,962,878
Foreign Fire Insurance	-	-	-	-	445,600	445,600
Criminal Investigation	-	-	-	-	2,058,908	2,058,908
Tax Increment Financing	-	-	-	-	3,543,620	3,543,620
Stormwater Control	-	-	-	-	2,822,925	2,822,925
	<u>-</u>	<u>1,484,337</u>	<u>6,365,145</u>	<u>-</u>	<u>10,833,931</u>	<u>18,683,413</u>
Assigned						
Wellness Program	16,569	-	-	-	-	16,569
Affordable Housing	75,994	-	-	-	-	75,994
Disabled Citizens Program	6,725	-	-	-	-	6,725
Emergency Assistance Program	169,236	-	-	-	-	169,236
Senior Center Maintenance	391,000	-	-	-	-	391,000
Canine Unit Donation	127,822	-	-	-	-	127,822
Zero Interest Loan	56,688	-	-	-	-	56,688
Reserve for Encumbrances	528,454	-	-	-	-	528,454
Public Parking	-	-	-	-	4,596,277	4,596,277
Public Building	-	-	-	35,819,516	-	35,819,516
Emerald Ash Borer	-	-	-	-	5,874,343	5,874,343
	<u>1,372,488</u>	<u>-</u>	<u>-</u>	<u>35,819,516</u>	<u>10,470,620</u>	<u>47,662,624</u>
Unassigned	29,742,655	-	-	-	-	29,742,655
Total Fund Balances	<u>\$ 31,307,834</u>	<u>\$ 1,484,337</u>	<u>\$ 6,365,145</u>	<u>\$ 35,819,516</u>	<u>\$ 21,536,681</u>	<u>\$ 96,513,513</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 December 31, 2016:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 172,794,669
Plus:	
Unamortized Loss on Refunding	1,065,454
Unspent Bond Proceeds	34,490,463
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2006A	(675,000)
General Obligation Refunding Bonds of 2010	(1,545,000)
General Obligation Refunding Bonds of 2011	(9,545,000)
General Obligation Refunding Bonds of 2012A	(8,520,000)
General Obligation Refunding Bonds of 2013	(5,550,000)
General Obligation Bonds of 2014	(5,035,000)
General Obligation Bonds of 2016	(32,900,000)
Unamortized Premium	<u>(2,484,370)</u>
Net Investment in Capital Assets	<u>\$ 142,096,216</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 26,986,838</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 December 31, 2016

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 2014 through 2016.

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, 2015	\$ 1,088,926	\$ 571,555	\$ 1,809,957	\$ 3,470,438
Incurred Claims	4,639,942	464,185	1,648,082	6,752,209
Claims Paid	(4,608,243)	(571,733)	(1,317,362)	(6,497,338)
Claims Payable - December 31, 2015	1,120,625	464,007	2,140,677	3,725,309
Incurred Claims	7,452,081	386,893	1,118,952	8,957,926
Claims Paid	(7,406,188)	(580,706)	(1,963,000)	(9,949,894)
Claims Payable - December 31, 2016	\$ 1,166,518	\$ 270,194	\$ 1,296,629	\$ 2,733,341

High-Level Excess Liability Pool (HELP)

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

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

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

HELP was organized on April 1, 1987 with the initial agreement which has been extended to April 30, 2018. The Village has committed to purchase excess liability insurance from HELP through the term of the agreement. Annual premiums are calculated based on a formula which specifies the following four criteria: 1) Miles of streets; 2) Full-time equivalent employees; 3) Number of motor vehicles; and 4) Operating revenues.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 \$195,325 to HELP in 2016. For the fiscal year ended December 31, 2017, the Village estimates it will pay \$191,797.

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 fiscal year ended December 31, 2017 the Village estimates it will pay SWANCC \$1,235,448, 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 December 31, 2016

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, 2016 are as follows:

	Percent Share
Village of Arlington Heights	35.87 %
Village of Buffalo Grove	17.70
Village of Palatine	29.06
Village of Wheeling	17.37
	<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 December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Northwest Water Commission (NWWC) – Continued

Summary of financial positions as of April 30, 2016:

Current Assets	\$ 20,089,479	Current Liabilities	\$ 2,063,911
Noncurrent Assets		Noncurrent Liabilities	<u>8,994,935</u>
Capital Assets	<u>31,095,676</u>	Total Liabilities	<u>11,058,846</u>
Total Assets	<u>51,185,155</u>	Net Position	<u>\$ 40,126,309</u>

Summary of revenues, expenses and changes in net position for the fiscal year ended April 30, 2016:

Operating Revenues	\$ 9,805,203
Operating Expenses	<u>10,148,363</u>
Operating Income	(343,160)
Nonoperating Revenue (Expenses)	<u>234,188</u>
Change in Net Position	(108,972)
Net Position - Beginning	<u>40,235,281</u>
Net Position - Ending	<u>\$ 40,126,309</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 December 31, 2016

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 \$3,551,980 to NWWC for the fiscal year ended December 31, 2016. All payments were paid from the Water and Sewer Fund. The Village’s share of net position of NWWC was \$14,656,476 at December 31, 2016.

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 December 31, 2016

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 \$1,096,477 to SWANCC for the fiscal year ended December 31, 2016, which is recorded in the Village's Solid Waste Disposal Fund.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	440
Inactive Plan Members Entitled to but not yet Receiving Benefits	180
Active Plan Members	<u>381</u>
Total	<u><u>1,001</u></u> *

*The employees in the above table include the Arlington Heights Library.

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 13.07% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	3.50%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, 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.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability			
Village	\$ 34,418,494	\$ 17,917,854	\$ 4,232,195
Library	11,366,821	5,917,431	1,397,696
Total	\$ 45,785,315	\$ 23,835,285	\$ 5,629,891

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 167,459,937	\$ 144,683,024	\$ 22,776,913
Changes for the Year:			
Service Cost	2,639,543	-	2,639,543
Interest on the Total Pension Liability	12,281,628	-	12,281,628
Difference Between Expected and Actual Experience of the Total Pension Liability	1,640,544	-	1,640,544
Changes of Assumptions	(611,951)	-	(611,951)
Contributions - Employer	-	3,257,572	(3,257,572)
Contributions - Employees	-	1,145,096	(1,145,096)
Net Investment Income	-	9,393,011	(9,393,011)
Benefit Payments, including Refunds of Employee Contributions	(8,734,040)	(8,734,040)	-
Other (Net Transfer)	-	555,713	(555,713)
Net Changes	7,215,724	5,617,352	1,598,372
Balances at December 31, 2016	\$ 174,675,661	\$ 150,300,376	\$ 24,375,285
Net Pension Liability			
Village	\$ 132,181,597	\$ 113,392,219	\$ 18,789,378
Library	42,494,064	37,448,157	5,045,907
Total	\$ 174,675,661	\$ 150,840,376	\$ 23,835,285

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2016, the Village recognized pension expense of \$3,134,513. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,195,675	\$ -	\$ 1,195,675
Change in Assumptions	182,730	-	182,730
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,722,901	-	6,722,901
Total Deferred Amounts Related to IMRF	<u>\$ 8,101,306</u>	<u>\$ -</u>	<u>\$ 8,101,306</u>
Total Deferred Amounts Related to IMRF Village	\$ 6,090,048	\$ (560,857)	\$ 5,529,191
Library	2,011,258	(185,225)	1,826,033
Total	<u>\$ 8,101,306</u>	<u>\$ (746,082)</u>	<u>\$ 7,355,224</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Village Net Deferred Outflows of Resources	Library Net Deferred Outflows of Resources	Totals
2017	\$ 1,804,098	\$ 595,810	\$ 2,399,908
2018	1,818,436	600,545	2,418,981
2019	1,789,892	591,118	2,381,010
2020	116,763	38,562	155,325
2021	-	-	-
Thereafter	-	-	-
Totals	<u>\$ 5,529,189</u>	<u>\$ 1,826,035</u>	<u>\$ 7,355,224</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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 December 31, 2016, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	110
Inactive Plan Members Entitled to but not yet Receiving Benefits	96
Active Plan Members	<u>6</u>
Total	<u><u>212</u></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 December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – 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 December 31, 2016, the Village's contribution was 41.97% of covered payroll.

Concentrations. At year end, the Pension Plan has no investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments)) in any one organization that represent 5 percent or more of net position available for benefits.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	4.75%
Cost of Living Adjustments	3.00%
Inflation	3.00%

Mortality rates were based on the RP2000 projected to the valuation date with Blue Collar Adjustment

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 December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – 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 liability of the Village calculated using the discount rate as well as what the Village's net pension liability 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%)
Net Pension Liability	\$ 64,076,301	\$ 41,577,698	\$ 23,161,847

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 150,607,659	\$ 108,357,041	\$ 42,250,618
Changes for the Year:			
Service Cost	2,940,458	-	2,940,458
Interest on the Total Pension Liability	9,907,311	-	9,907,311
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,217,235)	-	(1,217,235)
Changes of Assumptions	236,267	-	236,267
Contributions - Employer	-	4,500,000	(4,500,000)
Contributions - Employees	-	1,036,023	(1,036,023)
Contributions - Other	-	355,856	(355,856)
Net Investment Income	-	6,685,207	(6,685,207)
Benefit Payments, including Refunds of Employee Contributions	(6,053,746)	(6,053,746)	-
Administrative Expenses	-	(37,365)	37,365
Net Changes	5,813,055	6,485,975	(672,920)
Balances at December 31, 2016	\$ 156,420,714	\$ 114,843,016	\$ 41,577,698

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2016, the Village recognized pension expense of \$5,064,572. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	\$ (1,614,011)	\$ (1,614,011)
Change in Assumptions	191,668	-	191,668
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,030,369	-	4,030,369
Total Deferred Amounts Related to Police Pension	<u>\$ 4,222,037</u>	<u>\$ (1,614,011)</u>	<u>\$ 2,608,026</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2017	\$ 908,745
2018	908,745
2019	909,403
2020	(63,749)
2021	(55,118)
Thereafter	-
Totals	<u>\$ 2,608,026</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan

Plan Descriptions

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.

Plan Membership. At December 31, 2016, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	106
Inactive Plan Members Entitled to but not yet Receiving Benefits	102
Active Plan Members	<u>2</u>
Total	<u><u>210</u></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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – 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 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 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 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 ½ of the change in the Consumer Price Index for the proceeding calendar year.

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 December 31, 2016, the Village's contribution was 48.01% of covered payroll.

Significant Investments. At year end, the Pension Plan does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	4.75%
Cost of Living Adjustments	3.00%
Inflation	3.00%

Mortality rates were based on the RP2000 projected to the valuation date with Blue Collar Adjustment

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 December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – 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 liability of the Village calculated using the discount rate as well as what the Village's net pension liability 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%)
Net Pension Liability	\$ 69,085,911	\$ 48,630,145	\$ 31,869,939

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 141,084,908	\$ 91,097,803	\$ 49,987,105
Changes for the Year:			
Service Cost	3,459,315	-	3,459,315
Interest on the Total Pension Liability	9,234,329	-	9,234,329
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,336,382)	-	(1,336,382)
Changes of Assumptions	228,889	-	228,889
Contributions - Employer	-	5,100,000	(5,100,000)
Contributions - Employees	-	989,862	(989,862)
Contributions - Other	-	20	(20)
Net Investment Income	-	6,915,387	(6,915,387)
Benefit Payments, including Refunds of Employee Contributions	(6,222,695)	(6,222,695)	-
Administrative Expenses	-	(62,158)	62,158
Net Changes	5,363,456	6,720,416	(1,356,960)
Balances at December 31, 2016	\$ 146,448,364	\$ 97,818,219	\$ 48,630,145

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2016, the Village recognized pension expense of \$6,546,597. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 996	\$ (1,082,542)	\$ (1,081,546)
Change in Assumptions	185,413	-	185,413
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,044,040	(621,053)	3,422,987
Total Deferred Amounts Related to Firefighters' Pension	<u>\$ 4,230,449</u>	<u>\$ (1,703,595)</u>	<u>\$ 2,526,854</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2017	\$ 982,675
2018	982,675
2019	982,675
2020	(365,497)
2021	(55,674)
Thereafter	-
Total	<u>\$ 2,526,854</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 December 31, 2016, retirees contributed \$1,815,223.

At December 31, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	190
Active Employees	<u>405</u>
Total	<u>595</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 December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of December 31, 2016, was calculated as follows:

Annual Required Contribution	\$ 1,188,127
Interest on the NOPEBO	205,201
Adjustment to the ARC	<u>(267,892)</u>
Annual OPEB Cost	1,125,436
Actual Contribution	<u>606,840</u>
Change in NPOEBO	518,596
NOPEBO - Beginning	<u>4,560,015</u>
NOPEBO - Ending	<u><u>\$ 5,078,611</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
4/30/2015	\$ 825,957	\$ 453,374	54.89%	\$ 4,469,565
12/31/2015	465,044	374,594	80.55%	4,560,015
12/31/2016	1,125,436	606,840	53.92%	5,078,611

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2016 was as follows:

Actuarial Accrued Liability (AAL)	\$ 14,652,386
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 14,652,386
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 37,981,854
UAAL as a Percentage of Covered Payroll	38.58%

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 December 31, 2016 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate or return, projected salary increases of 3.0% and an initial healthcare trend rate of 8.0% reduced to an ultimate healthcare inflation rate of 4.5% after eight years. Both rates include a 2.5% 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 dollar amount on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

SUBSEQUENT EVENT

On February 20, 2017, the Village dissolved TIF #1 and TIF #2; \$132,684 represents the amount issued for the surplus refund.

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

BASIS OF PRESENTATION – Continued

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.

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 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements December 31, 2016

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

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.

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	3 - 10 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – ARLINGTON HEIGHTS MEMORIAL LIBRARY – Continued

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

Net Position

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

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 “investment in capital assets.”

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
 - Other Post-Employment Benefit Plan
 - Arlington Heights Memorial Library – Other Post-Employment Benefits Plan
- Schedule of Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - 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

Other Post-Employment Benefits Plan

Required Supplementary Information Schedule of Funding Progress and Employer Contributions December 31, 2016

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
4/30/2012	-	14,542,721	0.00%	14,542,721	\$ 39,685,600	36.64%
4/30/2013	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	-	13,892,812	0.00%	13,892,812	39,834,803	34.88%
4/30/2015	-	12,604,617	0.00%	12,604,617	40,894,252	30.82%
12/31/2015	-	14,251,235	0.00%	14,251,235	36,875,587	38.65%
12/31/2016	-	14,652,386	0.00%	14,652,386	37,981,854	38.58%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
4/30/2012	\$ 637,736	\$ 848,391	75.17%
4/30/2013	643,520	810,468	79.40%
4/30/2014	562,603	813,091	69.19%
4/30/2015	453,374	767,335	59.08%
12/31/2015	374,594	506,009	74.03%
12/31/2016	606,840	1,188,127	51.08%

The Village is required to have the actuarial valuation performed biennially.

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
December 31, 2016

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
4/30/2012	\$ -	\$ 1,669,900	0.00%	\$ 1,669,900	\$ 4,045,543	N/A
4/30/2013	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2014	-	1,543,646	0.00%	1,543,646	6,505,722	23.73%
4/30/2015	-	1,322,810	0.00%	1,322,810	6,498,209	20.36%
12/31/2015	-	207,012	0.00%	207,012	3,972,722	5.21%
12/31/2016	-	219,200	0.00%	219,200	4,091,904	5.36%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
4/30/2012	\$ 73,299	\$ 94,079	77.91%
4/30/2013	73,894	93,064	79.40%
4/30/2014	62,579	90,441	69.19%
4/30/2015	47,580	80,529	59.08%
12/31/2015	5,057	18,990	26.63%
12/31/2016	8,193	22,751	36.01%

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

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2016

Calendar 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
12/31/2015	Total	\$ 3,159,698	\$ 3,168,474	\$ 8,776	\$ 24,380,386	13.00%
12/31/2016	Village	2,448,836	2,448,836	-	18,736,307	13.07%
	Library	808,736	808,736	-	6,187,727	13.07%
	Total	3,257,572	3,257,572	-	24,924,034	13.07%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Employer Contributions December 31, 2016

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
4/30/2015	\$ 4,432,000	\$ 4,529,400	\$ 97,400	\$ 9,938,967	45.57%
12/31/2015	2,779,725	4,500,000	1,720,275	10,381,979	43.34%
12/31/2016	3,839,961	4,500,000	660,039	10,722,080	41.97%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	3-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.75%
Investment Rate of Return	6.75%
Retirement Age	Graded by Age (14% at age 50 to 100% at age 65)
Mortality	RP2000 Projected to the Valuation Date with Blue Collar Adjustment

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2016

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
4/30/2015	\$ 5,055,378	\$ 5,007,300	\$ (48,078)	\$ 10,022,659	49.96%
12/31/2015	3,235,984	5,057,400	1,821,416	10,617,314	47.63%
12/31/2016	4,734,724	5,100,000	365,276	10,623,394	48.01%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	3-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.75%
Investment Rate of Return	6.75%
Retirement Age	Graded by Age (14% at age 50 to 100% at age 65)
Mortality	RP2000 Projected to the Valuation Date with Blue Collar Adjustment

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2016

	<u>12/31/2015</u> <u>Total</u>
Total Pension Liability	
Service Cost	\$ 2,640,660
Interest	11,869,028
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(648,919)
Change of Assumptions	395,156
Benefit Payments, Including Refunds of Member Contributions	<u>(7,881,295)</u>
Net Change in Total Pension Liability	6,374,629
Total Pension Liability - Beginning	<u>161,085,307</u>
Total Pension Liability - Ending	<u>\$ 167,459,936</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 3,168,474
Contributions - Members	1,182,657
Net Investment Income	723,795
Benefit Payments, Including Refunds of Member Contributions	(7,881,295)
Administrative Expense	<u>965,299</u>
Net Change in Plan Fiduciary Net Position	(1,841,070)
Plan Net Position - Beginning	<u>146,524,094</u>
Plan Net Position - Ending	<u>\$ 144,683,024</u>
Employer's Net Pension Liability	<u>\$ 22,776,912</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.40%
Covered-Employee Payroll	\$ 24,380,386
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	93.42%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

12/31/2016		
Village	Library	Total
\$ 1,984,241	\$ 655,302	\$ 2,639,543
8,361,024	3,920,604	12,281,628
-	-	-
1,233,257	407,287	1,640,544
(460,026)	(151,925)	(611,951)
(6,565,697)	(2,168,343)	(8,734,040)
4,552,799	2,662,925	7,215,724
132,293,350	35,166,587	167,459,937
\$ 136,846,149	\$ 37,829,512	\$ 174,675,661
\$ 2,448,836	\$ 808,736	\$ 3,257,572
860,810	284,286	1,145,096
7,467,007	2,466,004	9,933,011
(6,565,697)	(2,168,343)	(8,734,040)
417,750	137,963	555,713
4,628,706	1,528,646	6,157,352
114,299,589	30,383,435	144,683,024
\$ 118,928,295	\$ 31,912,081	\$ 150,840,376
\$ 17,917,854	\$ 5,917,431	\$ 23,835,285
86.91%	84.36%	86.35%
\$ 18,736,307	\$ 6,187,727	\$ 24,924,034
95.63%	95.63%	95.63%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2016

	4/30/2015
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	<u>\$ 146,977,962</u>
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	<u>\$ 108,039,398</u>
Employer's Net Pension Liability	<u>\$ 38,938,564</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%
Covered-Employee Payroll	\$ 9,938,967
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	391.78%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

12/31/2015	12/31/2016
\$ 1,989,231	\$ 2,940,458
6,520,521	9,907,311
-	-
(1,044,681)	(1,217,235)
-	236,267
(3,835,374)	(6,053,746)
3,629,697	5,813,055
146,977,962	150,607,659
\$ 150,607,659	\$ 156,420,714
\$ 4,500,000	\$ 4,500,000
691,981	1,036,023
4,776	355,856
(1,016,522)	6,685,207
(3,835,374)	(6,053,746)
(27,218)	(37,365)
317,643	6,485,975
108,039,398	108,357,041
\$ 108,357,041	\$ 114,843,016
\$ 42,250,618	\$ 41,577,698
71.95%	73.42%
\$ 10,381,979	\$ 10,722,080
406.96%	387.78%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2016

	<u>4/30/2015</u>
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	<u>(5,795,896)</u>
Net Change in Total Pension Liability	6,839,031
Total Pension Liability - Beginning	<u>129,940,881</u>
Total Pension Liability - Ending	<u><u>\$ 136,779,912</u></u>
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	<u>(35,679)</u>
Net Change in Plan Fiduciary Net Position	6,408,768
Plan Net Position - Beginning	<u>85,488,074</u>
Plan Net Position - Ending	<u><u>\$ 91,896,842</u></u>
Employer's Net Pension Liability	<u><u>\$ 44,883,070</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.19%
Covered-Employee Payroll	\$ 10,022,659
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	447.82%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

12/31/2015	12/31/2016
\$ 2,190,940	\$ 3,459,315
6,058,901	9,234,329
-	-
1,574	(1,336,382)
-	228,889
(3,946,419)	(6,222,695)
4,304,996	5,363,456
136,779,912	141,084,908
\$ 141,084,908	\$ 146,448,364
\$ 5,057,400	\$ 5,100,000
689,993	989,862
21,628	20
(2,559,246)	6,915,387
(3,946,419)	(6,222,695)
(62,395)	(62,158)
(799,039)	6,720,416
91,896,842	91,097,803
\$ 91,097,803	\$ 97,818,219
\$ 49,987,105	\$ 48,630,145
64.57%	66.79%
\$ 10,617,314	\$ 10,623,394
470.81%	457.76%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Investment Returns December 31, 2016

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
4/30/2015	8.06%
12/31/2015	(4.74%)
12/31/2016	6.28%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2016**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
4/30/2015	11.52%
12/31/2015	(2.50%)
12/31/2016	7.70%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes	\$ 39,223,300	\$ 39,223,300	\$ 38,491,057	\$ 32,777,497
Licenses, Permits and Fees	5,604,600	5,604,600	6,529,300	4,317,478
Intergovernmental	22,012,000	22,012,000	22,121,630	15,269,481
Charges for Services	4,053,600	4,053,600	4,172,561	2,995,937
Fines and Forfeitures	603,200	603,200	618,695	431,564
Interest	100,000	100,000	93,312	37,516
Miscellaneous	455,800	455,800	527,945	451,822
Total Revenues	<u>72,052,500</u>	<u>72,052,500</u>	<u>72,554,500</u>	<u>56,281,295</u>
Expenditures				
General Government	4,913,600	4,877,700	4,680,170	3,179,513
Public Safety	46,216,800	46,253,456	45,714,323	33,416,280
Highway and Streets	12,828,600	13,380,217	11,805,980	7,958,359
Community Development	5,936,000	6,025,358	5,676,547	3,633,113
Health and Welfare	2,175,100	2,179,985	2,095,815	1,384,451
Total Expenditures	<u>72,070,100</u>	<u>72,716,716</u>	<u>69,972,835</u>	<u>49,571,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,600)</u>	<u>(664,216)</u>	<u>2,581,665</u>	<u>6,709,579</u>
Other Financing Sources (Uses)				
Transfers In	200,000	200,000	200,000	-
Transfers Out	(175,000)	(175,000)	-	(2,500,000)
	<u>25,000</u>	<u>25,000</u>	<u>200,000</u>	<u>(2,500,000)</u>
Net Change in Fund Balance	<u>\$ 7,400</u>	<u>\$ (639,216)</u>	<u>2,781,665</u>	<u>4,209,579</u>
Fund Balance - Beginning			<u>28,526,169</u>	<u>24,316,590</u>
Fund Balance - Ending			<u>\$ 31,307,834</u>	<u>\$ 28,526,169</u>

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.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

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 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.

Public Building Fund: The Public Building Fund is used to account for the costs of planning, development and construction of a new Village hall and police station. Financing is provided by the \$20,000,000 General Obligation Bonds, Series 2006 and the \$32,900,000 General Obligation Bonds, Series 2016.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Balance Sheet

December 31, 2016 and December 31, 2015

	12/31/2016	12/31/2015
ASSETS		
Cash and Investments	\$ 25,029,560	\$ 21,890,582
Receivables - Net of Allowances		
Property Taxes	22,357,360	22,075,570
Other Taxes	6,918,339	7,068,097
Accrued Interest	24,497	22,618
Other	1,367,445	1,220,997
Due from Other Funds	93,000	6,000
Prepays/Inventories	192,691	172,973
Total Assets	<u>\$ 55,982,892</u>	<u>\$ 52,456,837</u>
LIABILITIES		
Accounts Payable	\$ 1,761,849	\$ 1,435,347
Accrued Payroll	537,351	407,052
Due to Other Funds	14,300	-
Other Payables	4,198	12,699
Total Liabilities	<u>2,317,698</u>	<u>1,855,098</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	22,357,360	22,075,570
Total Liabilities and Deferred Inflows of Resources	<u>24,675,058</u>	<u>23,930,668</u>
FUND BALANCES		
Nonspendable	192,691	172,973
Assigned	1,372,488	817,143
Unassigned	29,742,655	27,536,053
Total Fund Balances	<u>31,307,834</u>	<u>28,526,169</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 55,982,892</u>	<u>\$ 52,456,837</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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			
	Budget		Actual	12/31/2015
	Original	Final		Actual
Taxes				
Property	\$ 21,615,000	\$ 21,615,000	\$ 21,560,112	\$ 21,582,041
Other				
Food and Beverage Tax	2,064,000	2,064,000	1,944,185	1,437,299
Hotel/Motel Tax	1,000,000	1,000,000	1,096,755	777,052
Telecommunications Tax	3,100,000	3,100,000	3,116,898	2,037,305
Home Rule Sales Tax	5,649,000	5,649,000	5,242,769	3,829,608
Natural Gas Utility Tax	2,200,000	2,200,000	1,977,242	780,629
Electric Utility Tax	3,300,000	3,300,000	3,217,939	2,047,119
Other Tax	295,300	295,300	335,157	286,444
Total Taxes	39,223,300	39,223,300	38,491,057	32,777,497
Licenses, Permits and Fees				
Vehicle License	1,276,000	1,276,000	1,249,559	1,061,100
Liquor Licenses	425,000	425,000	421,311	3,516
Business Licenses	694,000	694,000	689,997	457,849
Dog Licenses	66,000	66,000	65,092	54,450
Public Chauffeur Licenses	3,700	3,700	1,240	320
Multi-Dwelling Licenses	75,000	75,000	76,437	40,621
Building Permits	800,000	800,000	1,389,327	1,005,391
Electrical Permits	100,000	100,000	128,645	70,844
Plumbing Permits	72,000	72,000	98,066	56,216
Sign Permits	10,000	10,000	13,079	9,520
Elevator Permits	70,000	70,000	69,126	62,216
Occupancy Permits	18,500	18,500	43,138	17,460
Driveway Permits	1,600	1,600	3,772	1,542
Air Conditioner Permits	10,000	10,000	19,326	8,310
Swimming Pool Permits	1,500	1,500	471	3,057
Chimney Permits	1,700	1,700	2,616	1,807
Wrecking and Other Permits	6,400	6,400	14,423	8,953
Planning Commission Hearings Fees	18,000	18,000	32,445	15,350
Rezoning Fees	9,000	9,000	11,740	5,100
Plan Exam Fees	70,000	70,000	91,577	46,280
Fire Plan Examination Fees	60,000	60,000	58,049	36,850
Police Counselor Fees	315,000	315,000	332,422	202,848

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued

For the Fiscal Year Ended December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			
	Budget			12/31/2015
	Original	Final	Actual	Actual
Licenses, Permits and Fees - Continued				
Police Records Fees	\$ 10,000	\$ 10,000	\$ 10,258	\$ 5,786
Weed Cutting Fees	12,000	12,000	3,141	4,602
Lien Recording Fees	300	300	-	-
Animal Detention Fees	700	700	-	225
Cable Franchise Fees	1,400,000	1,400,000	1,592,920	1,055,370
False Alarm Fees	43,000	43,000	41,200	37,575
Photocopy Fees	200	200	8	30
Other Fees	35,000	35,000	69,915	44,290
Total Licenses, Permits and Fees	5,604,600	5,604,600	6,529,300	4,317,478
Intergovernmental				
Municipal Sales Tax	12,425,000	12,425,000	12,377,718	8,423,387
State Use Tax	1,462,000	1,462,000	1,807,251	1,147,270
Replacement Taxes	450,000	450,000	430,829	283,613
Shared Income Tax	7,577,000	7,577,000	7,310,634	5,254,518
Grant - Counselor in the Park	23,000	23,000	23,000	23,000
Grant - Training	10,000	10,000	42,456	22,615
Grant - Task Force	15,000	15,000	26,707	13,701
Grant - Other	50,000	50,000	103,035	101,377
Total Intergovernmental	22,012,000	22,012,000	22,121,630	15,269,481
Charges for Services				
Escrow Deposits	2,500	2,500	4,890	2,190
Guaranteed Bonds	1,500	1,500	1,623	722
Parking	346,000	346,000	346,000	225,100
Water	1,571,200	1,571,200	1,571,200	1,022,000
TIF	65,000	65,000	80,000	87,100
SWANCC	-	-	-	133,500
Engineering Service Charges	60,000	60,000	164,287	97,126
Ambulance Service Charges	1,625,000	1,625,000	1,592,455	1,120,958
Special Police Detail	219,900	219,900	253,533	186,212
Special Fire Detail	52,700	52,700	49,465	38,992
Special PW Detail	7,100	7,100	13,145	5,799

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued

For the Fiscal Year Ended December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Charges for Services - Continued				
Chemical User Fees	\$ 10,000	\$ 10,000	\$ 12,900	\$ 7,895
DUI Administration Charges	90,000	90,000	64,500	65,055
Sales - Plans and Specs	1,000	1,000	1,780	978
Sales - Equipment	-	-	14,644	-
Sales - Printed Materials	100	100	34	40
Sales - Scrap	1,500	1,500	2,105	2,240
Sales - Signs	100	100	-	30
Total Charges for Services	4,053,600	4,053,600	4,172,561	2,995,937
Fines and Forfeitures				
Fines - Traffic Court	250,000	250,000	285,106	200,903
Fines - Untagged Dog	100	100	78	-
Fines - Parking	250,000	250,000	266,115	186,493
Fines - Compliance Ticket	8,000	8,000	8,942	4,174
Fines - Ordinance Ticket	75,000	75,000	46,027	28,220
Fines - Crime Prevention	100	100	500	35
Fines - Other	20,000	20,000	11,927	11,739
Total Fines and Forfeitures	603,200	603,200	618,695	431,564
Interest				
Investment Income	100,000	100,000	93,312	37,516
Miscellaneous				
Damage Claims	38,100	38,100	67,660	30,792
Rents and Concessions	80,000	80,000	61,712	49,916
Train Station Rents	10,000	10,000	13,699	9,130
Traffic Signal Control Maintenance	12,000	12,000	28,656	8,205
Senior Center Receipts	5,000	5,000	7,953	4,936
Class 6B Rebate	30,000	30,000	38,688	-
Wellness Program	26,000	26,000	19,764	18,078
Disabled Citizen Donations	100	100	303	-
Affordable Housing Trust	-	-	-	30,379
Arlington Heights Emergency Assistance	10,000	10,000	23,538	25,800

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**General Fund****Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Miscellaneous - Continued				
NWCH in Lieu of Property Taxes	\$ 204,600	\$ 204,600	\$ 204,637	\$ 194,893
Mayors Alcohol Prevention	-	-	2,000	-
Bad Debt Recovery	10,000	10,000	14,948	7,858
Other Income	30,000	30,000	44,387	71,835
Total Miscellaneous	455,800	455,800	527,945	451,822
Total Revenues	\$ 72,052,500	\$ 72,052,500	\$ 72,554,500	\$ 56,281,295

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
General Government				
Board of Trustees	\$ 176,200	\$ 176,200	\$ 151,543	\$ 105,318
Integrated Services	903,200	903,200	895,141	585,770
Human Resources	416,000	421,430	418,787	244,276
Legal Services	796,600	796,600	818,986	531,124
Finance	1,573,500	1,573,500	1,550,113	1,080,812
Boards and Commissions	198,100	198,100	168,890	106,336
Other	850,000	808,670	676,710	525,877
Total General Government	4,913,600	4,877,700	4,680,170	3,179,513
Public Safety				
Police	24,673,700	24,684,433	24,337,970	17,507,665
Fire	21,543,100	21,569,023	21,376,353	15,908,615
Total Public Safety	46,216,800	46,253,456	45,714,323	33,416,280
Highways and Streets				
Public Works	12,828,600	13,380,217	11,805,980	7,958,359
Community Development				
Planning and Community Development	1,709,200	1,749,486	1,614,737	1,025,776
Building Services	2,347,400	2,386,500	2,234,363	1,463,263
Engineering	1,879,400	1,889,372	1,827,447	1,144,074
Total Community Development	5,936,000	6,025,358	5,676,547	3,633,113
Health and Welfare				
Senior Services	505,100	505,100	466,660	324,823
Health Services	1,670,000	1,674,885	1,629,155	1,059,628
Total Health and Welfare	2,175,100	2,179,985	2,095,815	1,384,451
Total Expenditures	\$ 72,070,100	\$ 72,716,716	\$ 69,972,835	\$ 49,571,716

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
General Government				
Board of Trustees				
Salaries	\$ 30,900	\$ 30,900	\$ 30,900	\$ 20,600
Fringe Benefits	6,400	6,400	5,039	3,377
Contractual Services	137,300	137,300	115,022	80,934
Commodities	1,600	1,600	582	407
	176,200	176,200	151,543	105,318
Integrated Services				
Salaries	618,300	618,300	613,328	403,904
Fringe Benefits	199,900	199,900	203,497	134,555
Contractual Services	76,600	76,600	63,353	45,407
Commodities	8,400	8,400	5,563	1,904
Other Charges	-	-	9,400	-
	903,200	903,200	895,141	585,770
Human Resources				
Salaries	210,400	210,400	210,621	138,710
Fringe Benefits	86,200	86,200	86,661	55,529
Contractual Services	94,100	99,530	102,298	29,299
Commodities	2,600	2,600	2,575	1,915
Other Charges	22,700	22,700	16,632	18,823
	416,000	421,430	418,787	244,276
Legal Services				
Salaries	349,400	349,400	350,703	231,955
Fringe Benefits	124,400	124,400	123,954	93,366
Contractual Services	262,200	262,200	253,352	175,519
Commodities	10,600	10,600	9,696	4,912
Other Charges	50,000	50,000	81,281	25,372
	796,600	796,600	818,986	531,124
Finance				
Salaries	868,200	868,200	871,202	587,749
Fringe Benefits	328,200	328,200	327,010	222,137
Contractual Services	346,200	346,200	323,386	246,627
Commodities	30,900	30,900	26,854	22,571
Other Charges	-	-	1,661	1,728
	1,573,500	1,573,500	1,550,113	1,080,812

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
General Government - Continued				
Boards and Commissions				
Salaries	\$ 10,200	\$ 10,200	\$ 4,734	\$ 3,655
Fringe Benefits	1,200	1,200	363	314
Contractual Services	142,700	142,700	131,488	82,272
Commodities	4,500	4,500	2,228	1,029
Other Charges	39,500	39,500	30,077	19,066
	198,100	198,100	168,890	106,336
Other				
Contingency	250,000	200,170	-	-
Other Charges	600,000	608,500	676,710	525,877
	850,000	808,670	676,710	525,877
Total General Government	4,913,600	4,877,700	4,680,170	3,179,513
Public Safety				
Police				
Salaries	13,783,000	13,783,000	13,700,882	8,938,796
Salaries - Police Grant	87,000	87,000	59,534	59,879
Fringe Benefits	7,858,800	7,858,800	7,846,184	6,614,592
Fringe Benefits - Police Grant	25,200	25,200	-	-
Contractual Services	2,390,500	2,383,900	2,314,868	1,537,858
Commodities	509,200	526,533	406,740	318,485
Other Charges	20,000	20,000	9,762	38,055
	24,673,700	24,684,433	24,337,970	17,507,665
Fire				
Salaries	11,652,100	11,635,439	11,628,897	7,679,660
Fringe Benefits	7,812,700	7,812,700	7,798,856	6,787,356
Contractual Services	1,659,200	1,685,849	1,656,685	1,206,202
Commodities	419,100	435,035	291,915	235,397
	21,543,100	21,569,023	21,376,353	15,908,615
Total Public Safety	46,216,800	46,253,456	45,714,323	33,416,280

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Highways and Streets				
Public Works				
Salaries	\$ 4,127,400	\$ 4,127,400	\$ 3,939,183	\$ 2,555,039
Fringe Benefits	1,929,400	1,929,400	1,886,334	1,223,494
Contractual Services	4,859,800	5,029,837	4,620,430	3,337,814
Commodities	1,912,000	2,293,580	1,360,033	842,012
Total Highways and Streets	12,828,600	13,380,217	11,805,980	7,958,359
Community Development				
Planning and Community Development				
Salaries	918,800	918,800	901,529	565,103
Fringe Benefits	347,800	352,600	346,608	220,768
Contractual Services	202,800	203,570	196,920	110,775
Commodities	14,800	33,586	7,968	7,307
Other Charges	225,000	240,930	161,712	121,823
	1,709,200	1,749,486	1,614,737	1,025,776
Building Services				
Salaries	1,501,100	1,501,100	1,405,776	933,674
Fringe Benefits	583,700	583,700	562,013	370,243
Contractual Services	242,500	279,500	246,563	148,656
Commodities	20,100	22,200	20,011	10,690
	2,347,400	2,386,500	2,234,363	1,463,263
Engineering				
Salaries	1,084,800	1,084,800	1,075,723	704,303
Fringe Benefits	427,200	427,200	425,794	274,076
Contractual Services	353,200	363,172	315,893	156,812
Commodities	14,200	14,200	10,037	8,883
	1,879,400	1,889,372	1,827,447	1,144,074
Total Community Development	5,936,000	6,025,358	5,676,547	3,633,113

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**General Fund****Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Health and Welfare				
Senior Services				
Salaries	\$ 302,600	\$ 302,600	\$ 284,224	\$ 190,534
Fringe Benefits	79,300	79,300	77,841	63,476
Contractual Services	99,500	99,500	86,114	58,286
Commodities	23,700	23,700	18,481	11,460
Other Charges	-	-	-	1,067
	505,100	505,100	466,660	324,823
Health Services				
Salaries	974,000	974,000	1,005,985	642,611
Fringe Benefits	376,900	376,900	380,909	255,715
Contractual Services	173,100	173,100	138,006	95,404
Commodities	56,500	61,385	36,501	28,284
Other Charges	89,500	89,500	67,754	37,614
	1,670,000	1,674,885	1,629,155	1,059,628
Total Health and Welfare	2,175,100	2,179,985	2,095,815	1,384,451
Total Expenditures	\$ 72,070,100	\$ 72,716,716	\$ 69,972,835	\$ 49,571,716

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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property - Levy	\$ 5,658,200	\$ 5,658,200	\$ 6,520,576	\$ 6,626,394
Interest	15,000	15,000	9,397	8,859
Miscellaneous	282,300	282,300	282,300	281,800
Total Revenues	5,955,500	5,955,500	6,812,273	6,917,053
Expenditures				
General Government				
Other Charges	-	-	-	2,191
Debt Service				
Principal Retirement	5,215,000	5,215,000	5,215,000	6,455,000
Interest and Fiscal Charges	1,148,700	2,033,178	2,028,442	1,400,954
Total Expenditures	6,363,700	7,248,178	7,243,442	7,858,145
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(408,200)	(1,292,678)	(431,169)	(941,092)
Other Financing Sources				
Transfers In	415,200	415,200	415,000	855,513
Net Change in Fund Balance	\$ 7,000	\$ (877,478)	(16,169)	(85,579)
Fund Balance - Beginning			1,500,506	1,586,085
Fund Balance - Ending			\$ 1,484,337	\$ 1,500,506

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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property	\$ 4,500,000	\$ 4,500,000	\$ 4,436,303	\$ 2,862,370
Home Rule Sales Tax	1,883,000	1,883,000	1,756,924	1,268,202
Intergovernmental				
Grants	-	651,941	-	-
Interest	15,000	15,000	27,466	12,651
Miscellaneous	1,500	1,500	40,782	66,759
Total Revenues	6,399,500	7,051,441	6,261,475	4,209,982
Expenditures				
General Government				
Other Charges	-	13,765	-	8,092
Capital Outlay				
Other Charges	200,000	196,000	-	-
Equipment	781,100	941,539	658,395	486,688
Construction	6,380,000	8,365,113	6,017,338	4,164,428
Total Expenditures	7,361,100	9,516,417	6,675,733	4,659,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	(961,600)	(2,464,976)	(414,258)	(449,226)
Other Financing Sources (Uses)				
Transfers In	300,000	300,000	300,000	-
Transfers Out	-	-	-	(3,400,000)
	300,000	300,000	300,000	(3,400,000)
Net Change in Fund Balance	\$ (661,600)	\$ (2,164,976)	(114,258)	(3,849,226)
Fund Balance - Beginning			6,479,403	10,328,629
Fund Balance - Ending			\$ 6,365,145	\$ 6,479,403

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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ -	\$ -	\$ 308,913	-
Interest	150,000	150,000	144,373	2,278
Total Revenues	150,000	150,000	453,286	2,278
Expenditures				
General Government				
Other	-	-	-	1,976
Capital Outlay				
Contractual Services	1,000,000	1,013,000	452,367	5,208
Capital Outlay	25,000	25,000	5,387	18,034
Debt Service				
Inerest and Fiscal Charges	-	431,465	431,465	-
Total Expenditures	1,025,000	1,469,465	889,219	25,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	(875,000)	(1,319,465)	(435,933)	(22,940)
Other Financing Sources				
Debt Issuance	35,000,000	35,000,000	32,900,000	-
Premium on Debt Issuance	-	-	2,022,953	-
	35,000,000	35,000,000	34,922,953	-
Net Change in Fund Balance	\$ 34,125,000	\$ 33,680,535	34,487,020	(22,940)
Fund Balance - Beginning			1,332,496	1,355,436
Fund Balance - Ending			\$ 35,819,516	\$ 1,332,496

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.

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.

NONMAJOR GOVERNMENTAL FUNDS - Continued

SPECIAL REVENUE FUNDS - Continued

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.

Hickory Kensington Fund: The Hickory Kensington Fund is used to account for the revenues and expenditures associated with the formation and redevelopment of the Village's Tax Increment Finance District between Miner Street and Northwest Highway.

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.

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
December 31, 2016**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 12,963,216	\$ 8,712,986	\$ 21,676,202
Receivables - Net of Allowances			
Property Taxes	1,022,120	-	1,022,120
Other Taxes	178,160	-	178,160
Accrued Interest	7,918	3,705	11,623
Other	2,258,003	32,022	2,290,025
Prepays	-	232,130	232,130
Total Assets	<u>\$ 16,429,417</u>	<u>\$ 8,980,843</u>	<u>\$ 25,410,260</u>
LIABILITIES			
Accounts Payable	\$ 447,526	\$ 50,037	\$ 497,563
Accrued Payroll	8,375	1,408	9,783
Due to Other Funds	93,000	-	93,000
Other Payables	2,153,008	-	2,153,008
Total Liabilities	<u>2,701,909</u>	<u>51,445</u>	<u>2,753,354</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,022,120	-	1,022,120
Grants	98,105	-	98,105
Total Deferred Inflows of Resources	<u>1,120,225</u>	<u>-</u>	<u>1,120,225</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,822,134</u>	<u>51,445</u>	<u>3,873,579</u>
FUND BALANCES			
Nonspendable	-	232,130	232,130
Restricted	8,011,006	2,822,925	10,833,931
Assigned	4,596,277	5,874,343	10,470,620
Total Fund Balances	<u>12,607,283</u>	<u>8,929,398</u>	<u>21,536,681</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,429,417</u>	<u>\$ 8,980,843</u>	<u>\$ 25,410,260</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended December 31, 2016

	Special Revenue	Capital Projects	Totals
Revenues			
Taxes	\$ 948,218	\$ -	\$ 948,218
Intergovernmental	2,398,836	-	2,398,836
Charges for Services	1,019,736	-	1,019,736
Fines and Forfeitures	91,657	-	91,657
Interest	49,526	31,369	80,895
Miscellaneous	181,302	39,039	220,341
Total Revenues	4,689,275	70,408	4,759,683
Expenditures			
Public Safety	357,254	-	357,254
Highways and Streets	1,308,029	-	1,308,029
Health and Welfare	-	235,615	235,615
Community Development	278,714	-	278,714
Capital Outlay	5,406,758	1,683,838	7,090,596
Total Expenditures	7,350,755	1,919,453	9,270,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,661,480)	(1,849,045)	(4,510,525)
Other Financing (Uses)			
Transfers Out	(415,000)	-	(415,000)
Net Change in Fund Balances	(3,076,480)	(1,849,045)	(4,925,525)
Fund Balances - Beginning	15,683,763	10,778,443	26,462,206
Fund Balances - Ending	\$ 12,607,283	\$ 8,929,398	\$ 21,536,681

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

December 31, 2016

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

December 31, 2016

	Motor Fuel Tax	Community Development Block Grant	Foreign Fire Insurance	Criminal Investigations	Municipal Parking Operations
ASSETS					
Cash and Investments	\$ 2,112,862	\$ 772	\$ 448,000	\$ 2,141,654	\$ 4,730,810
Receivables - Net of Allowances					
Property Taxes	-	-	-	-	-
Other Taxes	178,160	-	-	-	-
Accrued Interest	-	-	395	486	4,168
Other	-	2,209,063	1,433	15,889	15,063
Total Assets	\$ 2,291,022	\$ 2,209,835	\$ 449,828	\$ 2,158,029	\$ 4,750,041
LIABILITIES					
Accounts Payable	\$ 328,144	\$ 17,431	\$ 4,228	\$ 1,016	\$ 91,785
Accrued Payroll	-	926	-	-	7,449
Due to Other Funds	-	93,000	-	-	-
Other Payables	-	2,098,478	-	-	54,530
Total Liabilities	328,144	2,209,835	4,228	1,016	153,764
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	-	-	-	-	-
Grants	-	-	-	98,105	-
Total Deferred Inflows of Resources	-	-	-	98,105	-
Total Liabilities and Deferred Inflows of Resources	328,144	2,209,835	4,228	99,121	153,764
FUND BALANCES					
Restricted	1,962,878	-	445,600	2,058,908	-
Assigned	-	-	-	-	4,596,277
Total Fund Balances	1,962,878	-	445,600	2,058,908	4,596,277
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,291,022	\$ 2,209,835	\$ 449,828	\$ 2,158,029	\$ 4,750,041

TIF I South	TIF II North	TIF III	TIF IV	TIF V	Hickory Kensington TIF	Totals
\$ 133,054	\$ 982	\$ 1,379,165	\$ 1,270,434	\$ 602,181	\$ 143,302	\$ 12,963,216
-	-	328,250	505,000	42,420	146,450	1,022,120
-	-	-	-	-	-	178,160
-	-	1,217	1,121	531	-	7,918
-	-	5,537	5,927	5,091	-	2,258,003
\$ 133,054	\$ 982	\$ 1,714,169	\$ 1,782,482	\$ 650,223	\$ 289,752	\$ 16,429,417
\$ 1,353	\$ -	\$ -	\$ 3,569	\$ -	\$ -	\$ 447,526
-	-	-	-	-	-	8,375
-	-	-	-	-	-	93,000
-	-	-	-	-	-	2,153,008
1,353	-	-	3,569	-	-	2,701,909
-	-	328,250	505,000	42,420	146,450	1,022,120
-	-	-	-	-	-	98,105
-	-	328,250	505,000	42,420	146,450	1,120,225
1,353	-	328,250	508,569	42,420	146,450	3,822,134
131,701	982	1,385,919	1,273,913	607,803	143,302	8,011,006
-	-	-	-	-	-	4,596,277
131,701	982	1,385,919	1,273,913	607,803	143,302	12,607,283
\$ 133,054	\$ 982	\$ 1,714,169	\$ 1,782,482	\$ 650,223	\$ 289,752	\$ 16,429,417

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 December 31, 2016

	Motor Fuel Tax	Community Development Block Grant	Foreign Fire Insurance	Criminal Investigations	Municipal Parking Operations
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,912,119	160,229	129,877	196,611	-
Charges for Services	-	-	-	-	1,019,736
Fines and Forfeitures	-	-	-	-	91,657
Interest	5,092	-	1,783	6,614	20,752
Miscellaneous	-	164,082	-	250	-
Total Revenues	1,917,211	324,311	131,660	203,475	1,132,145
Expenditures					
Current					
Public Safety	-	-	168,322	188,932	-
Highways and Streets	61,095	-	-	-	1,236,284
Community Development	-	174,311	-	-	-
Capital Outlay	4,055,477	-	-	-	559,791
Total Expenditures	4,116,572	174,311	168,322	188,932	1,796,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,199,361)	150,000	(36,662)	14,543	(663,930)
Other Financing (Uses)					
Transfers Out	-	(150,000)	-	-	-
Net Change in Fund Balances	(2,199,361)	-	(36,662)	14,543	(663,930)
Fund Balances - Beginning	4,162,239	-	482,262	2,044,365	5,260,207
Fund Balances - Ending	\$ 1,962,878	\$ -	\$ 445,600	\$ 2,058,908	\$ 4,596,277

TIF I South	TIF II North	TIF III	TIF IV	TIF V	Hickory Kensington TIF	Totals
\$ -	\$ -	\$ 380,869	\$ 374,307	\$ 42,573	\$ 150,469	\$ 948,218
-	-	-	-	-	-	2,398,836
-	-	-	-	-	-	1,019,736
-	-	-	-	-	-	91,657
1,534	-	5,606	6,496	1,649	-	49,526
-	-	-	16,970	-	-	181,302
1,534	-	386,475	397,773	44,222	150,469	4,689,275
-	-	-	-	-	-	357,254
10,650	-	-	-	-	-	1,308,029
-	-	15,551	70,787	1,090	16,975	278,714
-	-	-	791,490	-	-	5,406,758
10,650	-	15,551	862,277	1,090	16,975	7,350,755
(9,116)	-	370,924	(464,504)	43,132	133,494	(2,661,480)
-	-	(265,000)	-	-	-	(415,000)
(9,116)	-	105,924	(464,504)	43,132	133,494	(3,076,480)
140,817	982	1,279,995	1,738,417	564,671	9,808	15,683,763
\$ 131,701	\$ 982	\$ 1,385,919	\$ 1,273,913	\$ 607,803	\$ 143,302	\$ 12,607,283

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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Intergovernmental				
Motor Fuel Tax Allotments	\$ 1,809,900	\$ 1,809,900	\$ 1,912,119	\$ 1,279,482
Interest	500	500	5,092	308
Total Revenues	1,810,400	1,810,400	1,917,211	1,279,790
Expenditures				
Highway and Streets				
Contractual Services	30,000	306,221	61,095	-
Capital Outlay	4,203,500	4,203,500	4,055,477	457,494
Total Expenditures	4,233,500	4,509,721	4,116,572	457,494
Net Change in Fund Balance	<u>\$ (2,423,100)</u>	<u>\$ (2,699,321)</u>	(2,199,361)	822,296
Fund Balance - Beginning			4,162,239	3,339,943
Fund Balance - Ending			<u>\$ 1,962,878</u>	<u>\$ 4,162,239</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Community Development Block Grant - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Intergovernmental				
Grant - CDBG	\$ 287,600	\$ 287,600	\$ 160,229	\$ 299,685
Miscellaneous				
Program Income	100,000	100,000	164,082	53,309
Total Revenues	387,600	387,600	324,311	352,994
Expenditures				
Community Development				
Planning and Community Development				
Personal Services	55,500	55,500	55,937	55,500
CDBG Program				
Other Charges	182,100	228,873	118,374	147,494
Total Expenditures	237,600	284,373	174,311	202,994
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	103,227	150,000	150,000
Other Financing (Uses)				
Transfers Out	(150,000)	(150,000)	(150,000)	(150,000)
Net Change in Fund Balance	\$ -	\$ (46,773)	-	-
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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			
	Budget			12/31/2015
	Original	Final	Actual	Actual
Revenues				
Intergovernmental				
Foreign Fire Insurance Tax	\$ 130,000	\$ 130,000	\$ 129,877	\$ 137,450
Interest	600	600	1,783	667
Total Revenues	130,600	130,600	131,660	138,117
Expenditures				
General Government				
Other Charges	-	-	-	721
Public Safety	150,200	192,186	168,322	41,595
Total Expenditures	150,200	192,186	168,322	42,316
Net Change in Fund Balance	<u>\$ (19,600)</u>	<u>\$ (61,586)</u>	(36,662)	95,801
Fund Balance - Beginning			482,262	386,461
Fund Balance - Ending			<u>\$ 445,600</u>	<u>\$ 482,262</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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Intergovernmental	\$ 81,000	\$ 81,000	\$ 196,611	\$ 94,518
Interest	2,000	2,000	6,614	848
Miscellaneous	-	-	250	-
Total Revenues	83,000	83,000	203,475	95,366
Expenditures				
General Government				
Other Charges	-	-	-	3,209
Public Safety	196,600	221,600	188,932	57,781
Total Expenditures	196,600	221,600	188,932	60,990
Net Change in Fund Balance	<u>\$ (113,600)</u>	<u>\$ (138,600)</u>	14,543	34,376
Fund Balance - Beginning			2,044,365	2,009,989
Fund Balance - Ending			\$ 2,058,908	\$ 2,044,365

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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Charges for Services	\$ 1,005,000	\$ 1,005,000	\$ 1,019,736	\$ 762,148
Fines and Forfeitures	95,000	95,000	91,657	69,056
Interest	16,000	16,000	20,752	8,220
Total Revenues	1,116,000	1,116,000	1,132,145	839,424
Expenditures				
General Government				
Other Charges	-	-	-	7,954
Highways and Streets				
Personal Services	507,500	507,500	510,810	332,352
Contractual Services	338,500	338,500	302,926	246,262
Other Charges	346,100	396,990	346,000	225,100
Commodities and Supplies	92,400	92,400	76,548	67,918
Capital Outlay	545,000	545,000	559,791	774,246
Total Expenditures	1,829,500	1,880,390	1,796,075	1,653,832
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(713,500)	(764,390)	(663,930)	(814,408)
Other Financing Sources				
Transfers In	-	-	-	2,000,000
Net Change in Fund Balance	<u>\$ (713,500)</u>	<u>\$ (764,390)</u>	(663,930)	1,185,592
Fund Balance - Beginning			5,260,207	4,074,615
Fund Balance - Ending			\$ 4,596,277	\$ 5,260,207

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 December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Interest	\$ 800	\$ 800	\$ 1,534	\$ 818
Expenditures				
General Government				
Other Charges	-	-	-	641
Highways and Streets				
Contractual Services	25,000	25,000	10,650	24,222
Total Expenditures	25,000	25,000	10,650	24,863
Net Change in Fund Balance	<u>\$ (24,200)</u>	<u>\$ (24,200)</u>	(9,116)	(24,045)
Fund Balance - Beginning			140,817	164,862
Fund Balance - Ending			\$ 131,701	\$ 140,817

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 December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 325,000	\$ 325,000	\$ 380,869	\$ 371,814
Interest	2,000	2,000	5,606	2,258
Total Revenues	327,000	327,000	386,475	374,072
Expenditures				
General Government				
Other Charges	-	-	-	1,898
Community Development				
Contractual Services	5,000	5,000	151	2,939
Other Expenditures	170,000	170,000	15,400	10,100
Total Expenditures	175,000	175,000	15,551	14,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	152,000	152,000	370,924	359,135
Other Financing (Uses)				
Transfers Out	(265,200)	(265,200)	(265,000)	(265,000)
Net Change in Fund Balance	<u>\$ (113,200)</u>	<u>\$ (113,200)</u>	105,924	94,135
Fund Balance - Beginning			1,279,995	1,185,860
Fund Balance - Ending			<u>\$ 1,385,919</u>	<u>\$ 1,279,995</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**TIF IV - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 500,000	\$ 500,000	\$ 374,307	\$ 417,050
Interest	3,000	3,000	6,496	2,833
Miscellaneous	-	-	16,970	-
Total Revenues	503,000	503,000	397,773	419,883
Expenditures				
General Government				
Other Charges	-	-	-	2,585
Community Development				
Contractual Services	75,000	75,000	70,787	8,200
Other Expenditures	55,000	55,000	-	33,500
Capital Outlay	500,000	790,579	791,490	-
Total Expenditures	630,000	920,579	862,277	44,285
Net Change in Fund Balance	<u>\$ (127,000)</u>	<u>\$ (417,579)</u>	(464,504)	375,598
Fund Balance - Beginning			1,738,417	1,362,819
Fund Balance - Ending			<u>\$ 1,273,913</u>	<u>\$ 1,738,417</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF V - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 60,000	\$ 60,000	\$ 42,573	\$ 77,405
Interest	1,000	1,000	1,649	1,304
Total Revenues	61,000	61,000	44,222	78,709
Expenditures				
General Government				
Other Charges	-	-	-	832
Community Development				
Contractual Services	15,000	15,000	690	13,416
Other Expenditures	55,000	55,690	400	33,500
Capital Outlay	500,000	500,000	-	-
Total Expenditures	570,000	570,690	1,090	47,748
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(509,000)	(509,690)	43,132	30,961
Other Financing (Uses)				
Transfers Out	-	-	-	(440,513)
Net Change in Fund Balance	<u>\$ (509,000)</u>	<u>\$ (509,690)</u>	43,132	(409,552)
Fund Balance - Beginning			564,671	974,223
Fund Balance - Ending			<u>\$ 607,803</u>	<u>\$ 564,671</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Hickory Kensington TIF - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended December 31, 2016****(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 25,000	\$ 25,000	\$ 150,469	\$ 23,558
Expenditures				
Community Development				
Contractual Services	25,000	25,000	1,975	3,750
Other Expenditures	15,000	22,875	15,000	10,000
Total Expenditures	40,000	47,875	16,975	13,750
Net Change in Fund Balance	<u>\$ (15,000)</u>	<u>\$ (22,875)</u>	133,494	9,808
Fund Balance - Beginning			9,808	-
Fund Balance - Ending			<u>\$ 143,302</u>	<u>\$ 9,808</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet
December 31, 2016**

	Stormwater Control	Emerald Ash Borer	Totals
ASSETS			
Cash and Investments	\$ 2,823,055	\$ 5,889,931	\$ 8,712,986
Receivables - Net of Allowances			
Accrued Interest	2,490	1,215	3,705
Other	17,394	14,628	32,022
Prepays	-	232,130	232,130
Total Assets	<u>\$ 2,842,939</u>	<u>\$ 6,137,904</u>	<u>\$ 8,980,843</u>
LIABILITIES			
Accounts Payable	\$ 20,014	\$ 30,023	\$ 50,037
Accrued Payroll	-	1,408	1,408
Total Liabilities	<u>20,014</u>	<u>31,431</u>	<u>51,445</u>
FUND BALANCES			
Nonspendable	-	232,130	232,130
Restricted	2,822,925	-	2,822,925
Assigned	-	5,874,343	5,874,343
Total Fund Balances	<u>2,822,925</u>	<u>6,106,473</u>	<u>8,929,398</u>
Toal Liabilities and Fund Balances	<u>\$ 2,842,939</u>	<u>\$ 6,137,904</u>	<u>\$ 8,980,843</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 December 31, 2016**

	Stormwater Control	Emerald Ash Borer	Totals
Revenues			
Interest	\$ 7,329	\$ 24,040	\$ 31,369
Miscellaneous	39,039	-	39,039
Total Revenues	46,368	24,040	70,408
Expenditures			
Current			
Health and Welfare	-	235,615	235,615
Capital Outlay	894,542	789,296	1,683,838
Total Expenditures	894,542	1,024,911	1,919,453
Net Change in Fund Balances	(848,174)	(1,000,871)	(1,849,045)
Fund Balances - Beginning	3,671,099	7,107,344	10,778,443
Fund Balances - Ending	\$ 2,822,925	\$ 6,106,473	\$ 8,929,398

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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Interest	\$ 3,000	\$ 3,000	\$ 7,329	\$ 744
Miscellaneous	-	-	39,039	-
Total Revenues	3,000	3,000	46,368	744
Expenditures				
Capital Outlay				
Construction in Progress	1,200,000	2,041,129	894,542	29,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,197,000)	(2,038,129)	(848,174)	(29,164)
Other Financing Sources				
Transfers In	-	-	-	500,000
Net Change in Fund Balance	<u>\$ (1,197,000)</u>	<u>\$ (2,038,129)</u>	(848,174)	470,836
Fund Balance - Beginning			3,671,099	3,200,263
Fund Balance - Ending			\$ 2,822,925	\$ 3,671,099

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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Revenues				
Interest	\$ 3,000	\$ 3,000	\$ 24,040	\$ 11,504
Expenditures				
General Government				
Other	-	-	-	10,019
Health and Welfare				
Personal Services	344,900	344,900	218,844	177,698
Contractual Services	4,500	4,500	2,487	2,227
Commodities and Supplies	69,800	71,758	14,284	12,922
Capital Outlay	726,600	726,600	789,296	1,341,846
Total Expenditures	1,145,800	1,147,758	1,024,911	1,544,712
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,142,800)	(1,144,758)	(1,000,871)	(1,533,208)
Other Financing Sources				
Transfers In	-	-	-	3,400,000
Net Change in Fund Balance	<u>\$ (1,142,800)</u>	<u>\$ (1,144,758)</u>	(1,000,871)	1,866,792
Fund Balance - Beginning			7,107,344	5,240,552
Fund Balance - Ending			<u>\$ 6,106,473</u>	<u>\$ 7,107,344</u>

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

December 31, 2016 and December 31, 2015

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Water and Sewer - Enterprise Fund****Statement of Net Position****December 31, 2016 and December 31, 2015**

	12/31/2016	12/31/2015
ASSETS		
Current Assets		
Cash and Investments	\$ 1,564,691	\$ 1,739,367
Receivables - Net of Allowances		
Accounts - Customer	2,374,439	2,097,954
Accrued Interest	1,380	2,468
Other	14,170	14,170
Prepays	7,600	7,600
Inventories	558,193	647,065
Total Current Assets	4,520,473	4,508,624
Noncurrent Assets		
Capital Assets		
Nondepreciable	2,648,950	2,648,950
Depreciable	99,659,858	98,933,374
Accumulated Depreciation	(77,400,329)	(76,100,325)
Total Capital Assets	24,908,479	25,481,999
Other Assets		
Investment in Joint Venture	14,656,476	14,695,560
Total Noncurrent Assets	39,564,955	40,177,559
Total Assets	44,085,428	44,686,183
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	1,370,174	-
Total Assets and Deferred Outflows of Resources	45,455,602	44,686,183

	12/31/2016	12/31/2015
LIABILITIES		
Current Liabilities		
Accounts Payable	927,087	473,154
Accrued Payroll	98,509	72,227
Compensated Absences Payable	41,948	46,403
Total Current Liabilities	1,067,544	591,784
Long-Term Liabilities		
Compensated Absences Payable	167,793	185,611
Net Pension Liability - IMRF	4,031,263	
Net Other Post-Employment Benefit Obligation Payable	164,652	173,856
Total Long-Term Liabilities	4,363,708	359,467
Total Liabilities	5,431,252	951,251
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	126,185	-
Total Liabilities and Deferred Inflows of Resources	5,557,437	951,251
NET POSITION		
Investment in Capital Assets	24,908,479	25,481,999
Unrestricted	14,989,686	18,252,933
Total Net Position	\$ 39,898,165	\$ 43,734,932

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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 19,026,100	\$ 19,026,100	\$ 17,169,821	\$ 10,222,539
Miscellaneous	84,000	84,000	86,692	101,211
Total Operating Revenues	19,110,100	19,110,100	17,256,513	10,323,750
Operating Expenses				
Operations				
Personal Services	6,308,300	6,308,300	6,018,849	3,896,757
Contractual Services	2,434,100	2,452,670	2,456,969	1,927,759
Northwest Water Commission	3,830,400	3,830,400	3,591,064	2,879,639
Commodities	849,400	910,157	936,160	555,879
Charges for Services	1,771,200	1,571,200	1,563,441	1,023,102
Capital Outlay	4,070,500	4,464,311	2,485,113	1,142,146
Depreciation	-	-	1,300,004	1,317,047
Total Operating Expenses	19,263,900	19,537,038	18,351,600	12,742,329
Operating Income (Loss)	(153,800)	(426,938)	(1,095,087)	(2,418,579)
Nonoperating Revenues (Expenses)				
Interest Income	11,000	11,000	5,604	3,605
Other Income	15,000	15,000	39,990	300,721
Other Expenses	-	-	(2,787,274)	(2,549)
	26,000	26,000	(2,741,680)	301,777
Income (Loss) Before Transfers	(127,800)	(400,938)	(3,836,767)	(2,116,802)
Transfers Out	(25,000)	(25,000)	-	-
Change in Net Position	\$ (152,800)	\$ (425,938)	(3,836,767)	(2,116,802)
Net Position - Beginning			43,734,932	45,851,734
Net Position - Ending			\$ 39,898,165	\$ 43,734,932

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			
	Budget			12/31/2015
	Original	Final	Actual	Actual
Operations				
Personal Services				
Finance				
Salaries	\$ 579,500	\$ 579,500	\$ 536,856	\$ 350,182
Overtime	500	500	-	-
Workers' Compensation	1,200	1,200	1,200	800
Medical Insurance	128,900	128,900	128,900	74,100
IMRF	75,700	75,700	70,092	45,392
FICA	36,000	36,000	31,970	20,967
Medicare	8,400	8,400	7,477	4,903
Water Utility Operations				
Salaries	3,380,400	3,380,400	3,218,661	2,170,561
Overtime	390,500	390,500	339,763	170,221
Workers' Compensation	243,200	243,200	243,200	158,200
Medical Insurance	682,900	682,900	682,900	424,800
IMRF	482,600	482,600	483,188	311,440
FICA	230,500	230,500	222,470	145,413
Medicare	54,000	54,000	52,172	34,036
OPEB Liability	14,000	14,000	-	(14,258)
Total Personal Services	6,308,300	6,308,300	6,018,849	3,896,757
Contractual Services				
Finance				
Professional Services	16,100	16,100	12,180	12,960
Other Services	87,200	87,200	86,723	52,010
Travel and Training	1,000	1,000	-	-
Postage	68,400	68,400	67,105	40,126
Printing	12,500	12,500	9,048	420
IT/GIS Service Charge	57,700	57,700	57,700	71,800
Water Utility Operations				
Professional Services	55,900	55,900	59,548	59,690
General Insurance	59,600	59,600	59,600	38,000
Equipment Maintenance	50,000	68,570	44,880	16,010
Building Maintenance	5,000	5,000	4,985	2,948

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operations - Continued				
Contractual Services - Continued				
Water Utility Operations - Continued				
Pumping Station Maintenance	\$ 18,000	\$ 18,000	\$ 11,720	\$ -
Sewer Collection System	15,000	15,000	13,497	9,890
Water Distribution System	365,100	365,100	356,866	356,308
Meter Installation	185,000	185,000	194,384	165,350
Equipment Rental	185,000	185,000	187,075	178,082
Utility Services	384,000	384,000	418,030	258,066
Disposal Services	73,400	73,400	33,322	28,855
Other Services	61,000	61,000	52,042	26,330
Dues	5,000	5,000	2,891	2,277
Travel and Training	14,600	14,600	16,984	10,466
Postage	2,200	2,200	151	84
Printing	1,800	1,800	995	1,056
Annual Consumer Report	10,000	10,000	3,109	13,010
IT/GIS Service Charge	153,100	153,100	153,100	140,600
Claims and Refunds	10,000	10,000	65,068	455
Vehicle/Equipment Lease Charge	507,500	507,500	507,500	417,000
Telephone Services	30,000	30,000	38,466	25,966
Total Contractual Services	2,434,100	2,452,670	2,456,969	1,927,759
Northwest Water Commission	3,830,400	3,830,400	3,591,064	2,879,639
Commodities				
Finance				
Office Supplies and Equipment	4,200	4,200	50	294
Overhead Sewer Rebate Program	100,000	100,000	103,551	25,000
Water Utility Operations				
Publications and Periodicals	500	500	500	-
Office Supplies and Equipment	5,200	5,200	4,929	3,257
Data System Supplies	1,700	1,700	1,524	668
Clothing	24,700	24,700	20,708	16,952
Petroleum Products	72,800	72,800	51,207	37,387
Water Distribution Supplies	177,500	185,324	244,883	234,023
Meter/Backflow Devices	136,000	169,356	115,757	28,675

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operations - Continued				
Commodities - Continued				
Water Utility Operations - Continued				
Pumping and Storage Supplies	\$ 25,000	\$ 29,078	\$ 28,520	\$ 15,041
Sewer and Collection Supplies	26,000	30,399	98,209	38,264
Agricultural Supplies	13,300	13,300	3,129	3,900
Building Supplies	12,500	12,500	13,891	15,000
Chemicals	10,000	10,000	12,218	4,248
Other Equipment and Supplies	80,000	91,100	88,287	37,482
Small Tools and Equipment	15,000	15,000	14,585	9,740
Street and Sidewalk Supplies	125,000	125,000	123,862	76,355
Other Supplies	20,000	20,000	10,350	9,593
Total Commodities	849,400	910,157	936,160	555,879
Charges for Services				
Water Utility Operations				
Administrative Service Charge	1,571,200	1,571,200	1,571,200	1,022,000
Operating Contingency	200,000	-	(9,204)	-
Other	-	-	1,445	1,102
Total Charges for Services	1,771,200	1,571,200	1,563,441	1,023,102
Capital Outlay				
Water Utility Operations				
Office Equipment	73,700	73,700	15,298	5,242
Other Equipment	1,070,300	1,135,213	255,724	174,397
Building Improvement	123,300	127,290	69,928	83,011
Construction in Progress	2,803,200	3,128,108	2,870,647	987,396
	4,070,500	4,464,311	3,211,597	1,250,046
Less Capital Assets Capitalized	-	-	(726,484)	(107,900)
Total Capital Outlay	4,070,500	4,464,311	2,485,113	1,142,146
Depreciation	-	-	1,300,004	1,317,047
Total Operating Expenses	\$ 19,263,900	\$ 19,537,038	\$ 18,351,600	\$ 12,742,329

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Combining Statement of Net Position - Nonmajor Enterprise Funds
December 31, 2016**

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 3,566,142	\$ 374,330	\$ 3,940,472
Receivables - Net of Allowances			
Accrued Interest	3,145	330	3,475
Other	81,498	1,444	82,942
Prepays	84,624	-	84,624
Total Current Assets	3,735,409	376,104	4,111,513
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	475,200	475,200
Depreciable	-	2,580,746	2,580,746
Accumulated Depreciation	-	(977,587)	(977,587)
Total Noncurrent Assets	-	2,078,359	2,078,359
Total Assets	3,735,409	2,454,463	6,189,872
LIABILITIES			
Current Liabilities			
Accounts Payable	-	8,154	8,154
NET POSITION			
Investment in Capital Assets	-	2,078,359	2,078,359
Unrestricted	3,735,409	367,950	4,103,359
Total Net Position	\$ 3,735,409	\$ 2,446,309	\$ 6,181,718

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds For the Fiscal Year Ended December 31, 2016

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
Operating Revenues			
Charges for Services	\$ 1,676,467	\$ 130,121	\$ 1,806,588
Operating Expenses			
Operations	1,117,379	684,213	1,801,592
Depreciation	-	68,023	68,023
Total Operating Expenses	1,117,379	752,236	1,869,615
Operating Income (Loss)	559,088	(622,115)	(63,027)
Nonoperating Revenues			
Food and Beverage Tax	-	649,046	649,046
Interest Income	15,177	1,084	16,261
	15,177	650,130	665,307
Income Before Transfers	574,265	28,015	602,280
Transfers Out	(500,000)	-	(500,000)
Change in Net Position	74,265	28,015	102,280
Net Position - Beginning	3,661,144	2,418,294	6,079,438
Net Position - Ending	\$ 3,735,409	\$ 2,446,309	\$ 6,181,718

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Cash Flows - Nonmajor Enterprise Funds For the Fiscal Year Ended December 31, 2016

	Solid Waste Disposal	Arts, Entertainment and Events	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 1,676,467	\$ 130,121	\$ 1,806,588
Payment to Suppliers	(1,126,193)	(541,360)	(1,667,553)
Payment to Employees	-	(140,101)	(140,101)
	550,274	(551,340)	(1,066)
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(15,000)	(15,000)
Cash Flow from Noncapital Financing Activities			
Transfers Out	(500,000)	-	(500,000)
Food and Beverage Tax	-	649,046	649,046
	(500,000)	649,046	149,046
Cash Flows from Investing Activities			
Interest Received	15,177	1,084	16,261
Net Change in Cash and Cash Equivalents	65,451	83,790	149,241
Cash and Cash Equivalents - Beginning	3,500,691	290,540	3,791,231
Cash and Cash Equivalents - Ending	\$ 3,566,142	\$ 374,330	\$ 3,940,472
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities.			
Operating Income (Loss)	\$ 559,088	\$ (622,115)	\$ (63,027)
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities.			
Depreciation	-	68,023	68,023
(Increase) Decrease in Current Assets	(8,814)	178	(8,636)
Increase (Decrease) in Current Liabilities	-	2,574	2,574
Net Cash Provided by Operating Activities	\$ 550,274	\$ (551,340)	\$ (1,066)

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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,764,000	\$ 1,764,000	\$ 1,676,467	\$ 1,310,604
Operating Expenses				
Operations	1,170,700	1,170,700	1,117,379	956,112
Operating Income	593,300	593,300	559,088	354,492
Nonoperating Revenues (Expenses)				
Interest Income	4,000	4,000	15,177	5,596
Other Expenses	-	-	-	(5,217)
	4,000	4,000	15,177	379
Income Before Transfers	597,300	597,300	574,265	354,871
Transfers Out	(500,000)	(500,000)	(500,000)	-
Change in Net Position	<u>\$ 97,300</u>	<u>\$ 97,300</u>	74,265	354,871
Net Position - Beginning			<u>3,661,144</u>	<u>3,306,273</u>
Net Position - Ending			<u>\$ 3,735,409</u>	<u>\$ 3,661,144</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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services				
Social Events	\$ 207,000	\$ 224,690	\$ 112,121	\$ 73,288
Building Management Fees	18,000	18,000	18,000	12,000
Total Operating Revenues	225,000	242,690	130,121	85,288
Operating Expenses				
Operations	839,400	880,101	684,213	502,840
Depreciation	-	-	68,023	66,873
Total Operating Expenses	839,400	880,101	752,236	569,713
Operating Income (Loss)	(614,400)	(637,411)	(622,115)	(484,425)
Nonoperating Revenues (Expenses)				
Food and Beverage Tax	645,000	645,000	649,046	367,339
Interest Income	2,500	2,500	1,084	605
Other Expenses	-	-	-	(433)
	647,500	647,500	650,130	367,511
Change in Net Position	\$ 33,100	\$ 10,089	28,015	(116,914)
Net Position - Beginning			2,418,294	2,535,208
Net Position - Ending			\$ 2,446,309	\$ 2,418,294

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
December 31, 2016**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Combining Statement of Net Position - Internal Service Funds
December 31, 2016**

	Health and Life Insurance	Retiree Health Insurance
ASSETS		
Current Assets		
Cash and Investments	\$ 3,019,977	\$ 368,040
Receivables - Net of Allowances		
Accrued Interest	1,426	-
Other	16,810	-
Inventories	-	-
Total Current Assets	3,038,213	368,040
Noncurrent Assets		
Capital Assets		
Depreciable	-	-
Accumulated Depreciation	-	-
Total Noncurrent Assets	-	-
Total Assets	3,038,213	368,040
LIABILITIES		
Current Liabilities		
Accounts Payable	352,930	-
Accrued Payroll	2,414	-
Claims Payable	798,478	368,040
Compensated Absences Payable	1,832	-
Total Current Liabilities	1,155,654	368,040
Long-Term Liabilities		
Compensated Absences Payable	7,329	-
Net Other Post-Employment Benefit Obligation Payable	17,461	-
Total Long-Term Liabilities	24,790	-
Total Liabilities	1,180,444	368,040
NET POSITION		
Investment in Capital Assets	-	-
Unrestricted	1,857,769	-
Total Net Position	\$ 1,857,769	\$ -

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 3,201,968	\$ 6,225,545	\$ 7,084,239	\$ 2,079,560	\$ 21,979,329
2,824	5,266	6,260	1,820	17,596
15,650	26,459	20,749	6,926	86,594
-	-	75,009	-	75,009
3,220,442	6,257,270	7,186,257	2,088,306	22,158,528
-	-	19,235,362	37,261	19,272,623
-	-	(11,435,741)	(7,452)	(11,443,193)
-	-	7,799,621	29,809	7,829,430
3,220,442	6,257,270	14,985,878	2,118,115	29,987,958
76,672	38,766	60,379	45,029	573,776
-	1,946	29,111	13,023	46,494
270,194	1,296,629	-	-	2,733,341
-	2,053	14,704	7,387	25,976
346,866	1,339,394	104,194	65,439	3,379,587
-	8,212	58,815	29,548	103,904
-	8,729	106,750	76,186	209,126
-	16,941	165,565	105,734	313,030
346,866	1,356,335	269,759	171,173	3,692,617
-	-	7,799,621	29,809	7,829,430
2,873,576	4,900,935	6,916,498	1,917,133	18,465,911
\$ 2,873,576	\$ 4,900,935	\$ 14,716,119	\$ 1,946,942	\$ 26,295,341

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Fiscal Year Ended December 31, 2016**

	Health and Life Insurance	Retiree Health Insurance
Operating Revenues		
Charges for Services	\$ 9,575,711	\$ 1,815,223
Fines and Forfeitures	-	-
Workman's Comp Reimbursements	-	-
Miscellaneous	41,826	133,828
Total Operating Revenues	9,617,537	1,949,051
Operating Expenses		
Operations	9,518,392	2,582,385
Depreciation	-	-
Total Operating Expenses	9,518,392	2,582,385
Operating Income (Loss)	99,145	(633,334)
Nonoperating Revenues (Expenses)		
Disposal of Capital Assets	-	-
Interest Income	4,322	-
Other Income	55,206	-
	59,528	-
Income (Loss) Before Transfers	158,673	(633,334)
Transfers In	-	633,334
Transfers Out	(633,334)	-
Change in Net Position	(474,661)	-
Net Position - Beginning	2,332,430	-
Net Position - Ending	\$ 1,857,769	\$ -

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 781,000	\$ 1,997,600	\$ 3,244,940	\$ 1,619,396	\$ 19,033,870
-	-	18,254	-	18,254
-	251,817	-	-	251,817
274	-	88,498	-	264,426
781,274	2,249,417	3,351,692	1,619,396	19,568,367
761,246	1,551,664	2,145,515	1,498,667	18,057,869
-	-	1,249,114	3,726	1,252,840
761,246	1,551,664	3,394,629	1,502,393	19,310,709
20,028	697,753	(42,937)	117,003	257,658
-	-	149,606	-	149,606
12,903	23,935	30,130	8,790	80,080
-	68	14,795	11,940	82,009
12,903	24,003	194,531	20,730	311,695
32,931	721,756	151,594	137,733	569,353
-	-	-	-	633,334
-	-	-	-	(633,334)
32,931	721,756	151,594	137,733	569,353
2,840,645	4,179,179	14,564,525	1,809,209	25,725,988
\$ 2,873,576	\$ 4,900,935	\$ 14,716,119	\$ 1,946,942	\$ 26,295,341

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Combining Statement of Cash Flows - Internal Service Funds For the Fiscal Year Ended December 31, 2016

	Health and Life Insurance	Retiree Health Insurance
Cash Flows from Operating Activities		
Interfund Services Provided	\$ 9,617,537	\$ 1,949,051
Payment to Suppliers	(9,260,410)	(2,569,076)
Payment to Employees	(104,456)	-
	<u>252,671</u>	<u>(620,025)</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	-	633,334
Transfers Out	(633,334)	-
	<u>(633,334)</u>	<u>633,334</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	<u>4,322</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(376,341)	13,309
Cash and Cash Equivalents - Beginning	<u>3,396,318</u>	<u>354,731</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,019,977</u>	<u>\$ 368,040</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 99,145	\$ (633,334)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities		
Depreciation	-	-
Other Income (Expenses)	55,206	-
(Increase) Decrease in Current Assets	40,243	-
Increase (Decrease) in Current Liabilities	<u>58,077</u>	<u>13,309</u>
Net Cash Provided by Operating Activities	<u>\$ 252,671</u>	<u>\$ (620,025)</u>

General Liability Insurance	Workers' Compensation	Fleet Operations	Technology	Totals
\$ 781,274 (878,806) - (97,532)	\$ 2,249,417 (2,340,190) (86,007) (176,780)	\$ 3,351,692 (1,206,075) (1,015,981) 1,129,636	\$ 1,619,396 (914,271) (562,706) 142,419	\$ 19,568,367 (17,168,828) (1,769,150) 630,389
-	-	-	-	633,334
-	-	-	-	(633,334)
-	-	-	-	-
-	-	149,606	-	149,606
-	-	(508,734)	-	(508,734)
-	-	(359,128)	-	(359,128)
12,903	23,935	30,130	8,790	80,080
(84,629)	(152,845)	800,638	151,209	351,341
3,286,597	6,378,390	6,283,601	1,928,351	21,627,988
\$ 3,201,968	\$ 6,225,545	\$ 7,084,239	\$ 2,079,560	\$ 21,979,329
\$ 20,028	\$ 697,753	\$ (42,937)	\$ 117,003	\$ 257,658
-	-	1,249,114	3,726	1,252,840
-	68	14,795	11,940	82,009
(358)	(889)	9,092	(873)	47,215
(117,202)	(873,712)	(100,428)	10,623	(1,009,333)
\$ (97,532)	\$ (176,780)	\$ 1,129,636	\$ 142,419	\$ 630,389

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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 9,518,700	\$ 9,518,700	\$ 9,575,711	\$ 6,264,181
Miscellaneous	-	-	41,826	44,365
Total Operating Revenues	9,518,700	9,518,700	9,617,537	6,308,546
Operating Expenses				
Operations				
Personal Services	480,700	480,700	149,925	214,722
Contractual Services	3,946,800	3,946,800	3,907,845	2,411,896
Commodities	500	500	500	290
Insurance Claims	6,245,000	6,245,000	5,460,122	3,341,539
Total Operating Expenses	10,673,000	10,673,000	9,518,392	5,968,447
Operating Income (Loss)	(1,154,300)	(1,154,300)	99,145	340,099
Nonoperating Revenues (Expenses)				
Interest Income	3,000	3,000	4,322	2,946
Other Income	-	-	55,206	-
Other Expenses	-	-	-	(1,245)
	3,000	3,000	59,528	1,701
Income (Loss) Before Transfers	(1,151,300)	(1,151,300)	158,673	341,800
Transfers In	200,000	200,000	-	-
Transfers Out	(1,880,000)	(1,880,000)	(633,334)	(335,950)
Change in Net Position	<u>\$ (2,831,300)</u>	<u>\$ (2,831,300)</u>	(474,661)	5,850
Net Position - Beginning			2,332,430	2,326,580
Net Position - Ending			<u>\$ 1,857,769</u>	<u>\$ 2,332,430</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Retiree Health Insurance - Internal Service Fund

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

For the Fiscal Year Ended December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,990,000	\$ 1,990,000	\$ 1,815,223	\$ 1,212,166
Miscellaneous Income	123,000	123,000	133,828	123,464
Total Operating Revenues	2,113,000	2,113,000	1,949,051	1,335,630
Operating Expenses				
Operations				
Contractual Services	625,000	625,000	590,428	373,177
Insurance Claims	3,368,000	3,368,000	1,991,957	1,298,403
Total Operating Expenses	3,993,000	3,993,000	2,582,385	1,671,580
Income (Loss) Before Transfers	(1,880,000)	(1,880,000)	(633,334)	(335,950)
Transfers In	1,880,000	1,880,000	633,334	335,950
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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 781,000	\$ 781,000	\$ 781,000	\$ 498,200
Miscellaneous Income	-	-	274	1,275
Total Operating Revenues	781,000	781,000	781,274	499,475
Operating Expenses				
Operations				
Contractual Services	468,500	468,500	299,353	497,238
Insurance Claims	572,000	581,000	461,893	464,185
Total Operating Expenses	1,040,500	1,049,500	761,246	961,423
Operating Income (Loss)	(259,500)	(268,500)	20,028	(461,948)
Nonoperating Revenues (Expenses)				
Interest Income	6,000	6,000	12,903	6,026
Other Expenses	-	-	-	(5,213)
	6,000	6,000	12,903	813
Change in Net Position	<u>\$ (253,500)</u>	<u>\$ (262,500)</u>	32,931	(461,135)
Net Position - Beginning			2,840,645	3,301,780
Net Position - Ending			<u>\$ 2,873,576</u>	<u>\$ 2,840,645</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Workers' Compensation - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,997,600	\$ 1,997,600	\$ 1,997,600	\$ 1,299,600
Workman's Comp Reimbursements	-	-	251,817	61,168
Total Operating Revenues	1,997,600	1,997,600	2,249,417	1,360,768
Operating Expenses				
Operations				
Personal Services	140,300	140,300	129,267	80,082
Contractual Services	545,900	545,900	302,394	372,298
Commodities	1,900	1,900	1,051	708
Insurance Claims	1,470,000	1,470,000	1,118,952	1,648,082
Total Operating Expenses	2,158,100	2,158,100	1,551,664	2,101,170
Operating Income (Loss)	(160,500)	(160,500)	697,753	(740,402)
Nonoperating Revenues (Expenses)				
Interest Income	10,500	10,500	23,935	10,596
Other Income	-	-	68	7,149
Other Expenses	-	-	-	(9,163)
	10,500	10,500	24,003	8,582
Change in Net Position	\$ (150,000)	\$ (150,000)	721,756	(731,820)
Net Position - Beginning			4,179,179	4,910,999
Net Position - Ending			\$ 4,900,935	\$ 4,179,179

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 December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			
	Budget			12/31/2015
	Original	Final	Actual	Actual
Operating Revenues				
Charges for Services	\$ 3,229,700	\$ 3,229,700	\$ 3,244,940	\$ 2,606,361
Fines and Forfeitures	17,000	17,000	18,254	11,744
Miscellaneous Income	147,000	147,000	88,498	78,018
Total Operating Revenues	3,393,700	3,393,700	3,351,692	2,696,123
Operating Expenses				
Operations				
Personal Services	1,488,400	1,488,400	1,475,031	954,689
Contractual Services	265,900	265,900	307,652	192,825
Commodities	480,400	1,936,953	351,084	196,632
Capital Outlay	966,500	977,050	11,748	-
Depreciation	-	-	1,249,114	1,194,842
Total Operating Expenses	3,201,200	4,668,303	3,394,629	2,538,988
Operating Income (Loss)	192,500	(1,274,603)	(42,937)	157,135
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	-	-	149,606	95,709
Interest Income	9,000	9,000	30,130	10,170
Other Income	-	-	14,795	99,055
Other Expenses	-	-	-	(9,292)
	9,000	9,000	194,531	195,642
Change in Net Position	\$ 201,500	\$ (1,265,603)	151,594	352,777
Net Position - Beginning			14,564,525	14,211,748
Net Position - Ending			\$ 14,716,119	\$ 14,564,525

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fleet Operations - Internal Service Fund

Schedule of Operating Expenses - Budget and Actual

For the Fiscal Year Ended December 31, 2016

(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			
	Budget			12/31/2015
	Original	Final	Actual	Actual
Personal Services				
Salaries	\$ 978,400	\$ 978,400	\$ 974,748	\$ 643,000
Overtime	53,200	53,200	41,233	21,478
Workers' Compensation	46,700	46,700	46,700	30,400
Medical Insurance	196,300	196,300	196,300	124,800
IMRF	129,800	129,800	129,247	83,402
Social Security	64,000	64,000	61,313	40,034
Medicare	15,000	15,000	14,339	9,363
OPEB Liability	5,000	5,000	11,151	2,212
Total Personal Services	1,488,400	1,488,400	1,475,031	954,689
Contractual Services				
Equipment Maintenance	9,900	9,900	17,071	7,329
Vehicle Equipment Maintenance	155,000	155,000	187,834	121,518
Vehicle Damage	25,000	25,000	27,135	22,230
Equipment Rental	2,500	2,500	2,784	1,120
Disposal Services	1,500	1,500	1,585	119
Other Services	-	-	564	204
Dues	700	700	275	313
Travel and Training	3,500	3,500	4,592	1,485
Postage	300	300	261	179
Printing	500	500	-	312
IT/GIS Service Charge	32,800	32,800	32,800	16,600
Vehicle and Equipment Lease Charge	16,200	16,200	16,200	11,800
Wheeling Bus Maintenance	18,000	18,000	16,551	9,616
Total Contractual Services	265,900	265,900	307,652	192,825
Commodities				
Publications and Periodicals	100	100	-	356
Office Supplies and Equipment	600	600	765	-
Clothing	5,700	5,700	4,384	4,143
Petroleum Products	800	800	488	699
Non-Village Fuel Resale	158,200	158,200	100,501	67,608
Vehicle Maintenance Supplies	267,300	267,300	228,723	117,186

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Fleet Operations - Internal Service Fund****Schedule of Operating Expenses - Budget and Actual - Continued**
For the Fiscal Year Ended December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Commodities - Continued				
Other Equipment and Supplies	\$ 12,000	\$ 12,000	\$ 12,425	\$ 4,358
Small Tools and Equipment	4,000	4,000	3,656	1,777
Other Supplies	1,700	1,700	142	505
Operating Contingency	30,000	1,486,553	-	-
Total Commodities	480,400	1,936,953	351,084	196,632
Capital Outlay	966,500	977,050	520,482	1,325,247
Less Nonoperating Items				
Capital Assets Capitalized	-	-	(508,734)	(1,325,247)
Total Capital Outlay	966,500	977,050	11,748	-
Depreciation	-	-	1,249,114	1,194,842
Total Operating Expenses	\$ 3,201,200	\$ 4,668,303	\$ 3,394,629	\$ 2,538,988

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 December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,619,400	\$ 1,619,400	\$ 1,619,396	\$ 1,157,800
Operating Expenses				
Operations				
Personal Services	857,900	857,900	797,270	542,954
Contractual Services	521,700	521,700	417,032	254,916
Commodities	79,200	86,584	64,374	42,898
Capital Outlay	241,800	241,800	219,991	151,181
Depreciation	-	-	3,726	3,726
Total Operating Expenses	1,700,600	1,707,984	1,502,393	995,675
Operating Income (Loss)	(81,200)	(88,584)	117,003	162,125
Nonoperating Revenues (Expenses)				
Interest Income	6,000	6,000	8,790	3,223
Other Income	-	-	11,940	21,419
Other Expenses	-	-	-	(2,893)
	6,000	6,000	20,730	21,749
Change in Net Position	\$ (75,200)	\$ (82,584)	137,733	183,874
Net Position - Beginning			1,809,209	1,625,335
Net Position - Ending			\$ 1,946,942	\$ 1,809,209

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 Fiduciary Net Position
December 31, 2016**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 5,259,635	\$ 3,037,374	\$ 8,297,009
Investments			
U.S. Treasury Obligations	23,415,386	4,938,683	28,354,069
U.S. Agency Obligations	1,675,060	7,971,757	9,646,817
U.S. Property Real Estate	-	12,331,295	12,331,295
Corporate and Foreign Corporate Bonds	14,893,867	16,122,337	31,016,204
Municipal Bonds	409,047	1,671,421	2,080,468
Common Stock	35,492,907	9,198,854	44,691,761
Mutual Funds	33,566,128	42,342,923	75,909,051
Receivables - Net of Allowance			
Accrued Interest	193,145	198,448	391,593
Other	325	348	673
Due from Other Funds	9,521	4,779	14,300
Total Assets	114,915,021	97,818,219	212,733,240
LIABILITIES			
Other Payables	72,005	-	72,005
NET POSITION			
Net Position Restricted for Pensions	\$ 114,843,016	\$ 97,818,219	\$ 212,661,235

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2016

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 4,500,000	\$ 5,100,000	\$ 9,600,000
Contributions - Plan Members	1,036,023	989,862	2,025,885
Contributions - Other	355,856	20	355,876
Total Contributions	5,891,879	6,089,882	11,981,761
Investment Income			
Interest Earned	2,360,508	1,775,526	4,136,034
Net Change in Fair Value	4,639,126	5,355,813	9,994,939
	6,999,634	7,131,339	14,130,973
Less Investment Expenses	(314,427)	(215,952)	(530,379)
Net Investment Income	6,685,207	6,915,387	13,600,594
Total Additions	12,577,086	13,005,269	25,582,355
Deductions			
Administration	37,365	62,158	99,523
Benefits and Refunds	6,053,746	6,222,695	12,276,441
Total Deductions	6,091,111	6,284,853	12,375,964
Change in Fiduciary Net Position	6,485,975	6,720,416	13,206,391
Net Position Restricted for Pensions			
Beginning	108,357,041	91,097,803	199,454,844
Ending	\$ 114,843,016	\$ 97,818,219	\$ 212,661,235

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2016
(with Comparative Actuals for the Eight Months Ended December 31, 2015)**

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Additions				
Contributions - Employer	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
Contributions - Plan Members	1,187,000	1,187,000	1,036,023	691,981
Contributions - Other	-	-	355,856	4,776
Total Contributions	5,687,000	5,687,000	5,891,879	5,196,757
Investment Income				
Interest Earned	2,150,000	2,150,000	2,360,508	1,838,464
Net Change in Fair Value	1,700,000	1,700,000	4,639,126	(2,699,478)
	3,850,000	3,850,000	6,999,634	(861,014)
Less Investment Expenses	(300,000)	(314,500)	(314,427)	(155,508)
Net Investment Income	3,550,000	3,535,500	6,685,207	(1,016,522)
Total Additions	9,237,000	9,222,500	12,577,086	4,180,235
Deductions				
Administration	57,200	57,200	37,365	27,218
Benefits and Refunds	6,024,000	6,033,840	6,053,746	3,835,374
Total Deductions	6,081,200	6,091,040	6,091,111	3,862,592
Change in Fiduciary Net Position	\$ 3,155,800	\$ 3,131,460	6,485,975	317,643
Net Position Restricted for Pensions				
Beginning			108,357,041	108,039,398
Ending			\$ 114,843,016	\$ 108,357,041

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual For the Fiscal Year Ended December 31, 2016 (with Comparative Actuals for the Eight Months Ended December 31, 2015)

	12/31/2016			12/31/2015
	Budget		Actual	Actual
	Original	Final		
Additions				
Contributions - Employer	\$ 5,100,000	\$ 5,100,000	\$ 5,100,000	\$ 5,057,400
Contributions - Plan Members	1,004,000	1,004,000	989,862	689,993
Contributions - Other	-	-	20	21,628
Total Contributions	6,104,000	6,104,000	6,089,882	5,769,021
Investment Income				
Interest Earned	1,900,000	1,900,000	1,775,526	1,501,051
Net Change in Fair Value	2,000,000	2,000,000	5,355,813	(3,919,610)
	3,900,000	3,900,000	7,131,339	(2,418,559)
Less Investment Expenses	(190,000)	(190,000)	(215,952)	(140,687)
Net Investment Income	3,710,000	3,710,000	6,915,387	(2,559,246)
Total Additions	9,814,000	9,814,000	13,005,269	3,209,775
Deductions				
Administration	55,200	55,200	62,158	62,395
Benefits and Refunds	6,301,000	6,301,000	6,222,695	3,946,419
Total Deductions	6,356,200	6,356,200	6,284,853	4,008,814
Change in Fiduciary Net Position	\$ 3,457,800	\$ 3,457,800	6,720,416	(799,039)
Net Position Restricted for Pensions				
Beginning			91,097,803	91,896,842
Ending			\$ 97,818,219	\$ 91,097,803

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Agency Funds

**Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2016**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**Agency Funds****Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended December 31, 2016**

	Beginning Balances	Additions	Deductions	Ending Balances
All Funds				
ASSETS				
Cash and Investments	\$ 2,165,552	\$ 2,258,414	\$ 2,165,552	\$ 2,258,414
Accounts Receivable	36,202	19,564	35,582	20,184
Accrued Interest Receivable	491	-	-	491
Total Assets	<u>\$ 2,202,245</u>	<u>\$ 2,277,978</u>	<u>\$ 2,201,134</u>	<u>\$ 2,279,089</u>
LIABILITIES				
Accounts Payable	\$ 26,899	\$ 12,411	\$ 26,899	\$ 12,411
Deposits Payable	2,175,329	2,266,420	2,175,088	2,266,661
Other Payables	17	-	-	17
Total Liabilities	<u>\$ 2,202,245</u>	<u>\$ 2,278,831</u>	<u>\$ 2,201,987</u>	<u>\$ 2,279,089</u>
Guaranty Deposit Fund				
ASSETS				
Cash and Investments	\$ 394,349	\$ 479,334	\$ 394,349	\$ 479,334
Accrued Interest Receivable	250	-	-	250
Total Assets	<u>\$ 394,599</u>	<u>\$ 479,334</u>	<u>\$ 394,349</u>	<u>\$ 479,584</u>
LIABILITIES				
Accounts Payable	\$ 2,700	\$ 4,700	\$ 2,700	\$ 4,700
Deposits Payable	391,899	474,884	391,899	474,884
Total Liabilities	<u>\$ 394,599</u>	<u>\$ 479,584</u>	<u>\$ 394,599</u>	<u>\$ 479,584</u>

	Beginning Balances	Additions	Deductions	Ending Balances
Escrow Deposits Fund				
ASSETS				
Cash and Investments	\$ 1,219,692	\$ 1,205,975	\$ 1,219,692	\$ 1,205,975
Accounts Receivable	620	-	-	620
Total Assets	<u>\$ 1,220,312</u>	<u>\$ 1,205,975</u>	<u>\$ 1,219,692</u>	<u>\$ 1,206,595</u>
LIABILITIES				
Accounts Payable	\$ 24,199	\$ 7,711	\$ 24,199	\$ 7,711
Deposits Payable	1,196,096	1,198,867	1,196,096	1,198,867
Other Payables	17	-	-	17
Total Liabilities	<u>\$ 1,220,312</u>	<u>\$ 1,206,578</u>	<u>\$ 1,220,295</u>	<u>\$ 1,206,595</u>
Special Assessments Collection Fund				
ASSETS				
Cash and Investments	\$ 551,511	\$ 573,105	\$ 551,511	\$ 573,105
Accounts Receivable	35,582	19,564	35,582	19,564
Accrued Interest Receivable	241	-	-	241
Total Assets	<u>\$ 587,334</u>	<u>\$ 592,669</u>	<u>\$ 587,093</u>	<u>\$ 592,910</u>
LIABILITIES				
Deposits Payable	<u>\$ 587,334</u>	<u>\$ 592,669</u>	<u>\$ 587,093</u>	<u>\$ 592,910</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2006A December 31, 2016

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
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>\$ 675,000</u>	<u>\$ 40,800</u>	<u>\$ 715,800</u>		<u>\$ 20,400</u>		<u>\$ 20,400</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010 December 31, 2016

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
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>\$ 1,545,000</u>	<u>\$ 173,204</u>	<u>\$ 1,718,204</u>		<u>\$ 86,602</u>		<u>\$ 86,602</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2011 December 31, 2016

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
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>\$ 9,545,000</u>	<u>\$ 3,012,012</u>	<u>\$ 12,557,012</u>		<u>\$ 1,506,006</u>		<u>\$ 1,506,006</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2012A December 31, 2016

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
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>\$ 8,520,000</u>	<u>\$ 659,500</u>	<u>\$ 9,179,500</u>		<u>\$ 329,750</u>		<u>\$ 329,750</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2013

December 31, 2016

Date of Issue	December 1, 2013
Date of Maturity	December 1, 2019
Authorized Issue	\$7,755,000
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
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>\$ 5,550,000</u>	<u>\$ 443,200</u>	<u>\$ 5,993,200</u>		<u>\$ 221,600</u>		<u>\$ 221,600</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2014

December 31, 2016

Date of Issue	October 1, 2014
Date of Maturity	December 1, 2020
Authorized Issue	\$7,625,000
Denomination of Bonds	\$5,000
Interest Rates	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
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>\$ 5,035,000</u>	<u>\$ 356,250</u>	<u>\$ 5,391,250</u>		<u>\$ 178,125</u>		<u>\$ 178,125</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Bonds of 2016

December 31, 2016

Date of Issue	February 10, 2016
Date of Maturity	December 1, 2036
Authorized Issue	\$32,900,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Depository 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
2016	\$ -	\$ 1,094,200	\$ 1,094,200	2017	\$ 547,100	2017	\$ 547,100
2017	665,000	1,094,200	1,759,200	2018	547,100	2018	547,100
2018	645,000	1,074,250	1,719,250	2019	537,125	2019	537,125
2019	2,240,000	1,054,900	3,294,900	2020	527,450	2020	527,450
2020	1,585,000	987,700	2,572,700	2021	493,850	2021	493,850
2021	1,595,000	940,150	2,535,150	2022	470,075	2022	470,075
2022	1,530,000	892,300	2,422,300	2023	446,150	2023	446,150
2023	1,605,000	846,400	2,451,400	2024	423,200	2024	423,200
2024	1,580,000	798,250	2,378,250	2025	399,125	2025	399,125
2025	1,670,000	750,850	2,420,850	2026	375,425	2026	375,425
2026	1,710,000	700,750	2,410,750	2027	350,375	2027	350,375
2027	1,760,000	649,450	2,409,450	2028	324,725	2028	324,725
2028	1,810,000	596,650	2,406,650	2029	298,325	2029	298,325
2029	1,865,000	542,350	2,407,350	2030	271,175	2030	271,175
2030	1,920,000	486,400	2,406,400	2031	243,200	2031	243,200
2031	1,980,000	428,800	2,408,800	2032	214,400	2032	214,400
2032	2,060,000	349,600	2,409,600	2033	174,800	2033	174,800
2033	2,140,000	267,200	2,407,200	2034	133,600	2034	133,600
2034	2,225,000	181,600	2,406,600	2035	90,800	2035	90,800
2035	2,315,000	92,600	2,407,600	2036	46,300	2036	46,300
	<u>\$ 32,900,000</u>	<u>\$ 13,828,600</u>	<u>\$ 46,728,600</u>		<u>\$ 6,914,300</u>		<u>\$ 6,914,300</u>

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
For the Fiscal Year Ended December 31, 2016 (Unaudited)**

See Following Page

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Net Position by Component - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

	4/30/2008	4/30/2009	4/30/2010	4/30/2011
Governmental Activities				
Net Investment in				
Capital Assets	\$ 105,832,314	\$ 110,917,033	\$ 111,371,613	\$ 113,491,072
Restricted	11,249,654	8,198,492	9,270,651	9,452,095
Unrestricted	47,209,312	44,189,397	40,570,428	44,485,939
Total Governmental Activities	164,291,280	163,304,922	161,212,692	167,429,106
Business-Type Activities				
Net Investment in				
Capital Assets	37,451,534	36,981,008	35,842,122	34,272,550
Unrestricted	26,168,160	24,524,508	23,450,192	22,632,902
Total Business-Type Activities	63,619,694	61,505,516	59,292,314	56,905,452
Primary Government				
Net Investment in				
Capital Assets	143,283,848	147,898,041	147,213,735	147,763,622
Restricted	11,249,654	8,198,492	9,270,651	9,452,095
Unrestricted	73,377,472	68,713,905	64,020,620	67,118,841
Total Primary Government	\$ 227,910,974	\$ 224,810,438	\$ 220,505,006	\$ 224,334,558

Data Source: Audited Financial Statements

4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/2015	12/31/2016
\$ 116,954,018	\$ 121,113,330	\$ 127,435,505	\$ 126,928,744	\$ 134,100,576	\$ 142,096,216
16,263,555	17,517,983	16,796,342	23,943,432	21,979,506	18,509,205
41,494,128	44,224,002	45,211,400	44,627,697	(41,302,760)	(39,209,690)
174,711,701	182,855,315	189,443,247	195,499,873	114,777,322	121,395,731
32,777,835	31,486,324	30,288,702	28,889,401	27,613,381	26,986,838
22,739,490	23,159,732	23,285,911	22,803,814	22,200,989	19,093,045
55,517,325	54,646,056	53,574,613	51,693,215	49,814,370	46,079,883
149,731,853	152,599,654	157,724,207	155,818,145	161,713,957	169,083,054
16,263,555	17,517,983	16,796,342	23,943,432	21,979,506	18,509,205
64,233,618	67,383,734	68,497,311	67,431,511	(19,101,771)	(20,116,645)
\$ 230,229,026	\$ 237,501,371	\$ 243,017,860	\$ 247,193,088	\$ 164,591,692	\$ 167,475,614

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Changes in Net Position - Last Ten Fiscal Years
For the Fiscal Year Ended December 31, 2016 (Unaudited)**

	4/30/2008	4/30/2009	4/30/2010	4/30/2011
Expenses				
Governmental Activities				
General Government	\$ 4,420,078	\$ 7,979,137	\$ 7,563,734	\$ 5,193,600
Public Safety	35,805,185	38,545,819	39,868,746	40,266,562
Highways and Streets	21,009,834	20,744,929	17,504,839	17,159,903
Community Development	10,563,305	6,722,697	7,016,350	6,334,050
Health and Welfare	2,273,352	2,504,784	2,413,690	1,888,832
Interest on Long-Term Debt	3,496,323	3,273,165	3,037,995	2,583,611
Total Governmental Activities				
Expenses	77,568,077	79,770,531	77,405,354	73,426,558
Business-Type Activities				
Water and Sewer	14,221,254	14,582,291	14,305,939	15,251,729
Solid Waste Disposal	1,563,157	1,541,944	1,422,141	1,492,582
Arts, Entertainment & Events	435,170	383,033	440,953	475,793
Total Business-Type Activities				
Expenses	16,219,581	16,507,268	16,169,033	17,220,104
Total Primary Government				
Expenses	\$ 93,787,658	\$ 96,277,799	\$ 93,574,387	\$ 90,646,662
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$ 4,228,850	\$ 4,300,002	\$ 4,434,038	\$ 4,325,464
Public Safety	2,879,405	3,109,565	2,864,781	2,975,966
Highways and Streets	2,894,044	2,899,142	2,892,202	2,935,937
Community Development	4,828,838	838,830	976,909	816,738
Health and Welfare	38,325	68,435	56,974	51,551
Operating Grants and Contributions	3,046,426	2,808,197	2,809,350	2,826,571
Capital Grants and Contributions	330,317	790,450	108,675	866,648
Total Governmental Activities				
Program Revenues	18,246,205	14,814,621	14,142,929	14,798,875
Business-Type Activities				
Charges for Services				
Water and Sewer	12,258,690	11,789,339	11,908,829	12,730,188
Solid Waste Disposal	1,689,567	1,629,122	1,627,737	1,406,829
Art, Entertainment & Events	26,356	32,351	30,375	33,550
Total Business-Type Activities				
Program Revenues	13,974,613	13,450,812	13,566,941	14,170,567
Total Primary Government				
Program Revenues	\$ 32,220,818	\$ 28,265,433	\$ 27,709,870	\$ 28,969,442
Net Revenue (Expenses)				
Governmental Activities	\$ (59,321,872)	\$ (64,955,910)	\$ (63,262,425)	\$ (58,627,683)
Business-Type Activities	(2,244,968)	(3,056,456)	(2,602,092)	(3,049,537)
Total Primary Government				
Net Revenue (Expense)	\$ (61,566,840)	\$ (68,012,366)	\$ (65,864,517)	\$ (61,677,220)

4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/2015	12/31/2016
\$ 6,257,562	\$ 5,373,174	\$ 5,194,272	\$ 6,959,759	\$ 5,640,281	\$ 3,445,379
41,805,406	43,129,040	43,866,734	44,806,959	42,999,869	48,437,685
17,923,609	19,692,580	23,532,913	22,995,777	11,731,508	20,548,648
5,838,531	5,734,706	2,642,799	2,288,259	2,951,484	7,143,680
1,948,340	2,137,300	5,337,880	5,878,038	4,396,910	3,130,134
2,514,126	1,896,757	1,563,358	1,532,740	888,689	2,097,362
76,287,574	77,963,557	82,137,956	84,461,532	68,608,741	84,802,888
14,914,914	15,722,016	15,537,127	16,252,073	12,744,878	21,138,874
1,529,106	1,312,457	1,230,310	1,274,638	961,329	1,117,379
819,933	511,705	698,518	991,928	570,146	752,236
17,263,953	17,546,178	17,465,955	18,518,639	14,276,353	23,008,489
\$ 93,551,527	\$ 95,509,735	\$ 99,603,911	\$ 102,980,171	\$ 82,885,094	\$ 107,811,377
\$ 4,582,832	\$ 4,978,268	\$ 4,337,694	\$ 4,129,774	\$ 3,105,322	\$ 4,637,586
2,895,316	2,929,501	3,050,316	3,072,951	2,088,265	2,979,377
3,017,043	3,016,225	3,253,819	3,213,901	2,322,624	3,218,925
901,216	1,681,786	31,751	43,722	22,680	1,592,920
42,754	44,896	1,375,624	1,474,210	1,055,370	22,905
2,638,083	2,953,559	2,787,401	4,662,077	1,834,378	
574,058	1,821,768	1,501,300	133,187	-	2,464,157
14,651,302	17,426,003	16,337,905	16,729,822	10,428,639	14,915,870
12,960,678	14,344,566	14,232,051	14,125,562	10,323,750	17,256,513
1,701,884	1,593,605	1,575,908	1,759,911	1,310,604	1,676,467
132,209	74,611	149,351	54,851	85,288	130,121
14,794,771	16,012,782	15,957,310	15,940,324	11,719,642	19,063,101
\$ 29,446,073	\$ 33,438,785	\$ 32,295,215	\$ 32,670,146	\$ 22,148,281	\$ 33,978,971
\$ (61,636,272)	\$ (60,537,554)	\$ (65,800,051)	\$ (67,731,710)	\$ (58,180,102)	\$ (69,887,018)
(2,469,182)	(1,533,396)	(1,508,645)	(2,578,315)	(2,556,711)	(3,945,388)
\$ (64,105,454)	\$ (62,070,950)	\$ (67,308,696)	\$ (70,310,025)	\$ (60,736,813)	\$ (73,832,406)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years - Continued For the Fiscal Year Ended December 31, 2016 (Unaudited)

	4/30/2008	4/30/2009	4/30/2010	4/30/2011
General Revenues and Other				
Changes in Net Position				
Governmental Activities				
Taxes				
Property	\$ 28,321,080	\$ 29,517,038	\$ 29,321,029	\$ 28,710,137
Sales	10,999,700	10,446,148	9,570,850	10,369,871
Home Rule Sales	5,736,288	5,244,404	5,139,660	6,574,175
Replacement	516,811	464,953	411,138	455,733
Use	1,079,824	1,085,127	915,224	1,103,427
Telecommunications	4,711,422	4,419,759	4,158,597	3,772,498
Utility	-	-	917,319	4,051,320
Hotel	1,705,506	1,360,158	893,169	814,905
Food and Beverage	1,835,620	1,784,132	1,681,355	1,674,096
Foreign Fire Insurance	90,579	90,271	104,658	117,835
Other	45,162	43,066	46,465	52,554
Shared Income Tax	7,084,398	7,010,647	6,111,105	5,998,989
Investment Earnings	2,121,255	1,090,223	581,468	351,656
Miscellaneous	958,864	1,403,621	1,018,158	746,901
Contributions	-	10,005	-	-
Transfers	-	-	300,000	50,000
Total Governmental Activities	65,206,509	63,969,552	61,170,195	64,844,097
Business-Type Activities				
Income (Loss) from Joint Venture	366,174	-	-	-
Investment Earnings	494,152	235,433	116,958	58,387
Food and Beverage	459,171	478,671	419,219	420,102
Miscellaneous	366,269	228,174	152,713	234,186
Transfers	-	-	(300,000)	(50,000)
Total Business-Type Activities	1,685,766	942,278	388,890	662,675
Total Primary Government	\$ 66,892,275	\$ 64,911,830	\$ 61,559,085	\$ 65,506,772
Change in Net Position				
Governmental Activities	\$ 250,599	\$ 707,127	\$ 2,542,512	\$ 3,207,825
Business-Type Activities	(1,370,690)	(1,659,814)	(2,660,647)	(1,806,507)
Total Primary Government Change in Net Position	\$ (1,120,091)	\$ (952,687)	\$ (118,135)	\$ 1,401,318

Data Source: Audited Financial Statements

	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/2015	12/31/2016
\$	30,715,129	\$ 30,390,556	\$ 30,637,670	\$ 31,550,695	\$ 31,960,632	\$ 33,774,122
	10,519,988	10,333,345	11,488,156	12,060,996	8,423,387	12,377,718
	6,897,071	6,582,209	7,033,558	7,310,625	5,097,810	6,999,693
	410,962	415,244	466,766	454,992	283,613	430,829
	1,101,284	1,190,737	1,340,067	1,520,258	1,147,270	1,807,251
	4,269,272	3,606,605	3,244,472	3,199,974	2,037,305	3,116,898
	5,265,951	5,568,711	5,805,227	5,499,718	2,827,748	5,195,181
	885,190	959,547	968,827	1,032,228	777,052	1,096,755
	1,750,023	1,843,377	1,881,211	2,003,859	1,437,299	1,944,185
	123,597	129,456	146,650	134,186	137,450	129,877
	40,782	57,439	313,140	320,071	286,444	335,157
	6,135,155	6,768,141	7,318,303	7,354,986	5,254,518	7,310,634
	217,990	201,421	285,637	246,993	121,491	435,523
	886,473	634,380	1,458,299	1,098,755	837,890	1,051,604
	-	-	-	-	-	-
	(300,000)	-	-	-	-	500,000
	68,918,867	68,681,168	72,387,983	73,788,336	60,629,909	76,505,427
	-	-	-	-	-	-
	27,741	23,362	22,143	20,818	9,806	21,865
	433,045	460,424	470,918	498,638	367,339	649,046
	320,267	178,341	(55,859)	177,461	300,721	39,990
	300,000	-	-	-	-	(500,000)
	1,081,053	662,127	437,202	696,917	677,866	210,901
\$	69,999,920	\$ 69,343,295	\$ 72,825,185	\$ 74,485,253	\$ 61,307,775	\$ 76,716,328
\$	8,381,313	\$ 2,881,117	\$ 4,656,273	\$ 6,056,626	\$ 2,449,807	\$ 6,618,409
	(452,343)	(846,518)	(2,141,113)	(1,881,398)	(1,878,845)	(3,734,487)
\$	7,928,970	\$ 2,034,599	\$ 2,515,160	\$ 4,175,228	\$ 570,962	\$ 2,883,922

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

	4/30/2008	4/30/2009	4/30/2010	4/30/2011
General Fund				
Reserved	\$ 397,168	\$ 251,626	\$ 204,484	\$ 20,005
Unreserved	21,720,502	19,086,835	17,415,479	20,207,484
Nonspendable	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	22,117,670	19,338,461	17,619,963	20,227,489
All Other Governmental Funds				
Reserved	12,566,414	9,166,943	9,274,651	9,459,952
Unreserved, Reported in:				
Special Revenues Funds	2,627,077	6,441,755	6,404,202	6,299,665
Capital Projects Funds	7,362,727	5,716,699	6,162,092	6,399,997
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted				
Assigned	-	-	-	-
Total All Other Governmental Funds	22,556,218	21,325,397	21,840,945	22,159,614
Total Governmental Funds	\$ 44,673,888	\$ 40,663,858	\$ 39,460,908	\$ 42,387,103

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

Data Source: Audited Financial Statements

4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/2015	12/31/2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
121,491	208,379	317,836	189,328	172,973	192,691
600,699	592,930	749,295	874,315	817,143	844,034
22,321,417	22,380,114	22,942,073	23,252,947	27,536,053	30,271,109
23,043,607	23,181,423	24,009,204	24,316,590	28,526,169	31,307,834
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	257,979	438,742	399,794	370,479	232,130
16,263,555	17,517,983	17,361,269	24,540,110	22,074,564	18,683,413
8,191,945	10,156,751	9,352,188	10,270,809	13,329,568	46,290,136
24,455,500	27,932,713	27,152,199	35,210,713	35,774,611	65,205,679
\$ 47,499,107	\$ 51,114,136	\$ 51,161,403	\$ 59,527,303	\$ 64,300,780	\$ 96,513,513

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

	4/30/2008	4/30/2009	4/30/2010	4/30/2011
Revenues				
Taxes	\$ 62,026,321	\$ 61,375,433	\$ 59,165,913	\$ 63,577,704
Intergovernmental	3,164,765	2,254,702	2,237,939	2,282,831
Grants/Contributions	312,047	1,444,220	784,744	1,528,222
Charges for Services	5,248,647	1,795,352	1,960,514	2,021,291
Licenses and Permits	4,206,336	3,737,099	3,644,510	3,373,772
Fines and Fees	5,191,984	5,490,768	5,410,109	5,530,326
Investment Income	2,121,251	1,090,221	581,474	351,658
Rents and Reimbursables	440,515	462,268	448,573	406,325
Miscellaneous	740,848	1,134,110	779,348	520,843
Total Revenues	83,452,714	78,784,173	75,013,124	79,592,972
Expenditures				
General Government	6,116,676	6,536,042	7,875,528	5,771,441
Public Safety	35,059,075	36,927,740	37,509,901	38,956,847
Highways and Streets	12,079,230	12,462,281	9,515,911	9,457,575
Community Development	7,709,444	5,900,626	5,593,968	5,214,087
Health and Welfare	2,273,352	2,412,863	2,344,242	1,880,681
Capital Outlay	19,132,180	9,120,302	8,241,071	7,106,267
Debt Service				
Principal Retirement	5,504,653	6,119,781	5,833,691	5,570,000
Interest and Fiscal Charges	3,592,874	3,189,568	3,035,994	2,580,096
Other Charges	10,953	-	-	36,426
Total Expenditures	91,478,437	82,669,203	79,950,306	76,573,420
Excess (Deficiency) of Revenue Over (Under) Expenditures	(8,025,723)	(3,885,030)	(4,937,182)	3,019,552
Other Financing Sources (Uses)				
Debt Issuance	2,100,000	-	10,430,000	2,855,000
Premium (Discount) on Debt Issuance	-	-	130,520	34,909
Payment to Escrow Agent	-	-	(8,426,288)	(2,849,266)
Transfers In	765,380	1,782,620	4,620,097	1,693,003
Transfers Out	(765,380)	(1,907,620)	(3,020,097)	(1,643,003)
Disposal of Capital Assets	14,353	-	-	-
	2,114,353	(125,000)	3,734,232	90,643
Net Change in Fund Balance	\$ (5,911,370)	\$ (4,010,030)	\$ (1,202,950)	\$ 3,110,195
Debt Service as a Percentage of Noncapital Expenditures	10.16%	11.96%	11.09%	10.69%

Data Source: Audited Financial Statements

4/30/2012	4/30/2013	4/30/14	4/30/2015	12/31/2015	12/31/2016
\$ 61,855,652	\$ 60,947,768	\$ 49,884,105	\$ 50,917,170	\$ 44,424,290	\$ 52,461,991
8,297,534	9,428,030	20,686,642	21,621,147	15,246,238	22,252,920
1,173,358	1,447,303	4,288,701	4,699,535	1,834,378	2,267,546
2,030,165	2,052,554	5,284,463	5,230,607	3,758,085	5,192,297
3,618,724	4,289,920	5,989,935	5,862,746	4,317,478	6,529,300
5,595,692	6,051,687	755,196	804,726	500,620	710,352
217,990	201,421	218,686	182,615	88,530	355,443
431,382	436,635	-	-	-	-
649,662	454,263	1,477,909	1,135,234	855,968	1,071,368
83,870,159	85,309,581	88,585,637	90,453,780	71,025,587	90,841,217
5,890,843	4,698,107	4,277,526	4,636,827	3,219,631	4,680,170
40,684,642	42,291,156	43,012,679	44,609,076	33,515,656	46,071,577
9,250,565	11,089,158	12,460,690	13,140,609	8,854,213	13,114,009
5,073,806	5,129,100	2,600,895	2,268,019	1,577,298	5,955,261
1,861,099	2,153,765	5,382,571	5,469,806	3,951,512	2,331,430
7,053,543	8,358,862	11,467,725	12,133,539	7,277,852	14,224,083
6,360,000	5,835,000	6,160,000	6,475,000	6,455,000	5,215,000
2,199,945	1,739,404	1,624,978	1,442,549	1,400,954	2,459,907
147,895	-	-	-	-	-
78,522,338	81,294,552	86,987,064	90,175,425	66,252,116	94,051,437
5,347,821	4,015,029	1,598,573	278,355	4,773,471	(3,210,220)
19,595,000	-	7,755,000	7,625,000	-	32,900,000
395,279	-	862,170	460,605	-	2,022,953
(19,810,106)	-	(8,568,476)	-	-	-
2,982,025	5,775,747	3,613,688	9,444,113	6,755,513	915,000
(3,582,025)	(6,175,747)	(5,213,688)	(9,444,113)	(6,755,513)	(415,000)
-	-	-	1,940	-	-
(419,827)	(400,000)	(1,551,306)	8,087,545	-	35,422,953
\$ 4,927,994	\$ 3,615,029	\$ 47,267	\$ 8,365,900	\$ 4,773,471	\$ 32,212,733
11.09%	9.32%	9.15%	9.15%	12.58%	8.81%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Police Pension Fund Tax Levies and Contributions - Last Ten Tax Levy Years For the Fiscal Year Ended December 31, 2016 (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
2007	\$ 2,244,687	\$ 2,307,800	103%	\$ 2,307,800	4/30/2009
2008	2,325,266	2,442,000	105%	2,442,000	4/30/2010
2009	2,875,430	3,378,000	117%	3,379,573	4/30/2011
2010	3,679,006	4,038,000	110%	4,039,909	4/30/2012
2011	4,288,185	4,288,000	100%	4,288,000	4/30/2013
2012	4,136,305	4,330,880	105%	4,330,880	4/30/2014
2013	4,222,683	4,529,400	107%	4,529,400	4/30/2015
2014	4,432,200	4,500,000	102%	4,500,000	12/31/2015
2015	2,779,725 **	4,500,000	162%	4,500,000	12/31/2016
2016	3,839,961	4,500,000	117%	4,500,000 *	12/31/2017

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

**For the eight months ended December 31, 2015

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Firefighters' Pension Fund Tax Levies and Contributions - Last Ten Tax Levy Years For the Fiscal Year Ended December 31, 2016 (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
2007	\$ 2,977,176	\$ 3,091,000	104%	\$ 3,109,350	4/30/2009
2008	3,098,000	3,244,000	105%	3,244,000	4/30/2010
2009	3,554,720	3,948,000	111%	3,948,000	4/30/2011
2010	4,195,008	4,459,000	106%	4,470,604	4/30/2012
2011	4,574,540	4,588,000	100%	4,588,000	4/30/2013
2012	4,588,979	4,701,000	102%	4,701,000	4/30/2014
2013	4,771,232	5,007,300	105%	5,007,300	4/30/2015
2014	5,055,378	5,057,400	100%	5,057,400	12/31/2015
2015	3,235,984	** 5,100,000	158%	5,100,000	12/31/2016
2016	4,734,724	5,100,000	108%	5,100,000 *	12/31/2017

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

**For the eight months ended December 31, 2015

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
For the Fiscal Year Ended December 31, 2016 (Unaudited)**

Tax Levy Year	Residential Property
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	1,810,983,128
2015	1,766,744,791

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

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
\$ 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
577,544,679	114,654,036	1,037,926	2,504,219,769	1.816	7,512,659,307
565,748,059	113,315,940	1,242,969	2,447,051,759	1.925	7,341,155,277

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years* For the Fiscal Year Ended December 31, 2016 (Unaudited)

	2006	2007	2008	2009
Village Direct Rates				
Village of Arlington Heights	0.866	0.763	0.722	0.755
Arlington Heights Memorial Library	0.411	0.371	0.350	0.353
Total Village Direct Rates	1.277	1.134	1.072	1.108
Overlapping Rates				
County (includes Forest Preserve)	0.557	0.499	0.466	0.443
Metro Reclamation District	0.284	0.263	0.252	0.261
School District #25	3.295	2.890	2.807	2.510
School District #214	1.823	1.621	1.587	1.636
School District #512	0.288	0.260	0.256	0.258
Park District's	0.461	0.404	0.379	0.392
Wheeling Township	0.043	0.038	0.038	0.039
Other	0.037	0.041	0.029	0.050
Total Overlapping Rates	6.788	6.016	5.814	5.589
Total Tax Rate Per \$100 of EAV	8.065	8.065	7.150	6.886

Data Source: Cook County Tax Extension Office

* Tax Rates per \$100 of EAV

2010	2011	2012	2013	2014	2015
0.866	0.955	1.062	1.270	1.269	1.359
0.388	0.430	0.470	0.548	0.547	0.566
1.254	1.385	1.532	1.818	1.816	1.925
0.423	0.520	0.594	0.660	0.637	0.621
0.274	0.320	0.370	0.417	0.430	0.426
2.813	3.101	3.416	3.659	3.678	3.990
1.839	2.067	2.324	2.768	2.776	2.881
0.295	0.334	0.373	0.444	0.451	0.466
0.450	0.496	0.545	0.633	0.636	0.626
0.043	0.048	0.052	0.056	0.052	0.055
0.079	0.059	0.036	0.042	0.042	0.041
6.216	6.945	7.710	8.679	8.702	9.106
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 For the Fiscal Year Ended December 31, 2016 (Unaudited)

Taxpayer	2016			2008		
	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	1.78%	\$ 34,299,173	3	1.19%
Arlington International Racecourse	33,334,764	2	1.36%	42,483,720	2	1.47%
New Plan Excel Realty Trust	32,278,677	3	1.32%			
Town & Country Mall	21,164,121	4	0.86%	14,288,773	10	0.50%
Northpoint Mall	18,913,185	5	0.77%	25,615,142	4	0.89%
Marriott	13,815,819	6	0.56%	18,677,976	8	0.65%
Hamilton Partners	13,668,171	7	0.56%	20,235,457	7	0.70%
Tanglewood Apartments	13,127,643	8	0.54%	24,506,697	5	0.85%
Robert Rohrman	12,935,796	9	0.53%			
First American CPII	11,894,865	10	0.49%			
Nokia Siemens Networks				45,754,640	1	1.59%
Heller Rour 02186				20,476,171	6	0.71%
Robin Reality Management				16,461,863	9	0.57%
	<u>\$ 214,653,369</u>		<u>8.77%</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 2015 Equalized Assessed Valuations.

Data Source: Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Property Tax Levies and Collections - Last Ten Tax Levy Years For the Fiscal Year Ended December 31, 2016 (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
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%	N/A	30,820,062	97.95%
2014	31,778,207	31,203,688	98.19%	N/A	31,203,688	98.19%
2015	33,248,168	33,087,784	99.52%	-	33,087,784	99.52%

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

N/A - Not Available

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

Fiscal Year	Governmental Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds			
4/30/2008	\$ 73,330,000	\$ 73,330,000	2.84%	\$ 953.04
4/30/2009	68,130,000	68,130,000	2.64%	885.46
4/30/2010	64,690,000	64,690,000	2.14%	861.37
4/30/2011	59,185,000	59,185,000	1.96%	788.07
4/30/2012	53,730,000	53,730,000	1.78%	715.44
4/30/2013	48,423,632	48,423,632	1.60%	644.78
4/30/2014	42,636,145	42,636,145	1.41%	567.72
4/30/2015	43,986,033	43,986,033	1.45%	585.69
12/31/2015	37,254,248	37,254,248	1.23%	496.06
12/31/2016	66,254,370	66,254,370	2.19%	882.20

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 For the Fiscal Year Ended December 31, 2016 (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service	Less: Debt Payable from Enterprise Revenue	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
4/30/2008	\$ 73,330,000	\$ 1,916,428	\$ 300,000	\$ 71,113,572	0.82%	\$ 924.24
4/30/2009	68,130,000	1,946,327	-	66,183,673	0.65%	860.16
4/30/2010	64,690,000	1,789,843	-	62,900,157	0.58%	837.54
4/30/2011	59,185,000	1,744,304	-	57,440,696	0.52%	764.85
4/30/2012	53,730,000	1,761,874	-	51,968,126	0.51%	691.98
4/30/2013	48,423,632	1,724,730	-	46,698,902	0.50%	621.81
4/30/2014	42,636,145	1,117,003	-	41,519,142	0.48%	552.84
4/30/2015	43,986,033	989,407	-	42,996,626	0.58%	572.52
12/31/2015	37,254,248	1,405,448	-	35,848,800	0.48%	477.34
12/31/2016	66,254,370	1,310,129	-	64,944,241	0.88%	864.76

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 For the Fiscal Year Ended December 31, 2016 (Unaudited)

Governmental Unit	Gross Debt	(1) Percentage Debt Applicable to Village	Village's Share of Debt
Village of Arlington Heights	\$ 66,254,370	100.00%	\$ 66,254,370
Community College District 512	158,810,000	16.174%	25,685,929
Arlington Heights School District 25	16,775,000	96.644%	16,212,031
Cook County School District 15	42,494,920	3.101%	1,317,767
Cook County School District 21	37,265,000	23.258%	8,667,094
Cook County School District 57	6,675,000	3.709%	247,576
Cook County School District 59	18,005,000	13.358%	2,405,108
Prospect Heights School District 23	9,180,000	35.818%	3,288,092
Palatine Township High School District 211	6,230,000	0.507%	31,586
Arlington Heights School District 214	41,305,000	32.761%	13,531,931
Cook County	3,213,141,750	1.844%	59,250,334
Forest Preserve of Cook County	168,670,000	3.963%	6,684,392
Metropolitan Water Reclamation District of Greater Chicago	2,769,608,000	1.878%	52,013,238
Arlington Heights Park District	20,375,000	96.964%	19,756,415
Buffalo Grove Park District	18,020,000	13.839%	2,493,788
Prospect Heights Park District	8,125,910	5.604%	455,376
Mount Prospect Park District	22,660,000	2.706%	613,180
Palatine Park District	15,535,000	1.035%	160,787
Salt Creek Park District	3,249,000	33.341%	1,083,249
Total Overlapping Debt	6,576,124,580		213,897,874
Total Direct and Overlapping Debt	\$ 6,642,378,950		\$ 280,152,244

(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

For the Fiscal Year Ended December 31, 2016 (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
For the Fiscal Year Ended December 31, 2016 (Unaudited)**

Fiscal Year	Water		
	Water Charges and Other	Less Operating Expenses	Net Available Revenue
4/30/2008*	\$ 13,055,726	\$ 12,578,288	\$ 477,438
4/30/2009	12,085,784	12,852,717	(766,933)
4/30/2010	12,110,994	12,734,290	(623,296)
4/30/2011	12,888,535	13,750,981	(862,446)
4/30/2012	13,130,609	13,483,848	(353,239)
4/30/2013	14,517,362	14,331,095	186,267
4/30/2014	14,242,813	14,178,337	64,476
4/30/2015	14,312,322	14,900,500	(588,178)
12/31/2015	10,628,076	11,427,831	(799,755)
12/31/2016	17,215,415	17,051,595	163,820

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		Coverage	Current Special Assessment Billed	Debt Service		Coverage
Principal	Interest			Principal	Interest	
\$ 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	-	-	-
-	-	-	19,089	-	-	-
-	-	-	15,128	-	-	-

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(2) Unemployment Rate
4/30/2008	76,943	\$ 2,580,975,992	\$ 33,544	4.30%
4/30/2009	76,943	2,580,975,992	33,544	7.60%
4/30/2010	75,101	3,024,842,977	40,277	7.40%
4/30/2011	75,101	3,024,842,977	40,277	7.20%
4/30/2012	75,101	3,024,842,977	40,277	6.60%
4/30/2013	75,101	3,024,842,977	40,277	7.60%
4/30/2014	75,101	3,024,842,977	40,277	5.80%
4/30/2015	75,101	3,024,842,977	40,277	4.60%
12/31/2015	75,101	3,024,842,977	40,277	4.30%
12/31/2016	75,101	3,024,842,977	40,277	4.90%

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 For the Fiscal Year Ended December 31, 2016 (Unaudited)

Employer	2016			2008		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Arlington International Racecourse (Seasonal)	4500	1	11.82%	4,500	1	11.29%
Northwest Community Healthcare	4000	2	10.51%	4,000	2	10.04%
Arlington Heights High School District #214	1669	3	4.38%	1,703	5	4.27%
Clearbrook	1000	4	2.63%			
Paddock Publications	550	5	1.44%	850	6	2.13%
AMITA Health	500	6	1.31%			
Level 3 Communications	500	7	1.31%	2,000	4	5.02%
Paylocity Corporation	500	8	1.31%			
Kroeschell Inc	450	9	1.18%	450	9	1.13%
Pace	350	10	0.92%			
Motorola Inc. - Cellular Phone Division				3,000	3	7.53%
Sheraton Chicago Northwest & Coco Key				500	7	1.25%
Alexian Brothers Health System				500	8	1.25%
Weber Marketing System				300	10	0.75%
	<u>14,019</u>		<u>36.82%</u>	<u>17,803</u>		<u>44.68%</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 For the Fiscal Year Ended December 31, 2016 (Unaudited)

Function/Program	4/30/2008	4/30/2009	4/30/2010
General Government			
Manager's Office	5.50	6.50	6.50
Human Resources	4.50	4.50	4.50
Legal	3.50	3.25	3.25
Finance	19.00	19.00	17.50
Village Clerk	1.50	1.50	1.50
IT	6.00	6.00	6.00
GIS	1.00	1.00	1.00
Buildings and Grounds	7.00	8.00	7.00
Public Safety			
Police			
Officers	113.00	114.00	114.00
Civilian	37.00	36.00	34.00
Fire			
Firefighters and Officers	111.00	111.00	111.00
Civilian	3.50	3.50	2.50
Community Development			
Planning and Community Development	11.75	11.75	11.25
Building	18.50	19.50	18.50
Engineering	13.00	13.00	12.00
Health and Welfare			
Health Services	11.00	11.00	11.00
Youth Services	3.50	3.50	3.50
Senior Services	4.50	4.75	3.75
Highways and Streets			
Public Works	42.00	42.25	42.25
Other Public Works			
Water Utility Operations	41.00	41.25	41.25
Fleet Services	10.50	10.50	10.50
Totals	458.50	468.25	471.75

Data Source: Village Budget

4/30/2011	4/30/2012	4/30/2013	430/2014	4/30/2015	12/31/2015	12/31/2016
6.00	6.00	6.00	6.00	5.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00	4.00	4.00
2.75	2.75	2.75	2.75	2.75	2.75	2.75
16.50	17.50	17.50	17.50	18.00	18.00	17.50
1.50	-	-	-	-	-	-
6.00	5.00	5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
7.00	7.00	-	-	-	-	-
109.00	109.00	109.00	109.00	109.00	109.00	109.00
31.00	30.00	30.00	30.00	30.00	30.00	30.00
108.00	108.00	108.00	108.00	108.00	108.00	108.00
2.50	2.50	2.50	2.50	2.50	2.50	2.00
9.00	9.00	9.00	9.00	9.00	9.00	10.00
17.50	16.00	16.00	16.00	16.50	16.50	17.00
10.00	10.00	10.00	10.00	10.00	10.00	10.00
10.00	9.50	9.50	9.50	9.50	9.50	10.00
-	-	-	-	-	-	-
3.75	3.75	3.50	3.50	3.50	3.50	3.50
37.25	35.25	42.25	42.25	42.25	42.25	42.25
41.25	40.25	40.75	40.75	40.75	40.75	40.75
10.50	10.50	10.50	10.50	10.50	10.50	10.50
462.75	434.50	427.00	427.25	427.25	427.25	428.25

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

Function/Program	4/30/2008	4/30/2009	4/30/2010
Public Safety			
Police			
Service Calls	29,613	28,074	26,221
Total Crime Reported	5,193	4,550	3,694
Arrests	1,475	1,381	1,309
Citations Issued	33,018	29,443	24,593
Fire			
Service Calls (EMS)	6,588	6,318	6,387
Service Calls (Non-EMS)	3,396	3,198	3,201
Public Works			
Snow Removal (Miles)	97,185	61,049	53,418
Streets Resurfaced (Miles)	8.09	8.00	8.52
Water			
Water Main Breaks	174	145	284
Sewer Repairs	23	24	16
Average Daily Consumption	8.70 MGD	8.70 MGD	8.70 MGD

Data Source: Various Village Departments

MGD - Millions Gallons Daily

4/30/2011	4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/2015	12/31/2016
26,211	25,425	11,569	23,678	24,148	16,527	25,919
3,815	3,232	1,111	2,270	2,196	2,019	2,559
1,171	1,089	1,006	1,073	921	558	824
26,443	28,956	15,918	27,584	29,795	19,000	27,935
6,718	6,688	3,283	6,667	6,779	4,648	7,581
3,576	3,349	1,559	3,266	3,286	2,101	2,620
53,188	51,795	24,843	91,651	52,072	14,727	51,044
8.40	9.54	1.60	8.10	8.10	7.45	7.08
247	363	100	244	157	228	228
26	13	5	28	32	60	20
8.70 MGD	8.70 MGD	8.70 MGD	8.70 MGD	8.20 MGD	7.58 MGD	7.51 MGD

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years For the Fiscal Year Ended December 31, 2016 (Unaudited)

Function/Program	4/30/2008	4/30/2009	4/30/2010	4/30/2011
Public Safety				
Police				
Police Stations	1	1	1	1
Marked Police Vehicles	48	48	49	45
Unmarked Police Vehicles	10	14	14	13
Police Motorcycles	4	4	4	4
Fire				
Fire Stations	4	4	4	4
Fire Pumpers	7	7	6	6
Fire Ladder Trucks	2	2	2	2
Rescue Squads	4	4	3	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	9	10	11	9
Public Works				
Streets (Miles)	229	229	229	230
Streetlights	3,207	3,207	3,207	3,212
Traffic Signals	9,784	9,784	9,784	9,784
Water				
Water Mains (Miles)	252	252	252	253
Fire Hydrants	2,732	2,732	2,732	2,740
Storage Capacity (Gallons)	31,000,000	31,000,000	31,000,000	31,000,000
Wastewater				
Sanitary Sewers (Miles)	226	226	226	227
Storm Sewers (Miles)	162	162	162	163

Data Source: Various Village Departments

4/30/2012	4/30/2013	4/30/2014	4/30/2015	12/31/2015	12/31/2016
1	1	1	1	1	1
45	44	44	44	44	44
17	17	17	17	18	19
4	4	4	4	4	4
4	4	4	4	4	4
6	6	6	6	5	5
2	2	2	2	2	2
4	4	4	4	5	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	1	1
9	9	7	7	8	8
230	230	230	230	230	241
3,212	3,212	3,212	3,865	3,865	3,865
9,784	9,784	9,784	9,784	9,784	9,784
253	253	253	260	260	260
2,740	2,740	2,740	3,318	3,318	3,318
31,000,000	31,000,000	31,000,000	32,000,000	31,000,000	31,000,000
227	227	227	255	255	255
163	163	163	213	213	213