



AGENDA

President and Board of Trustees

Village of Arlington Heights

Committee-of-the-Whole

Board Room

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

June 26, 2023

7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

- A. Review of the 12-month Period Ending 12/31/22 Annual Financial Report - Martha Trotter, Partner, Sikich, LLP
- B. Review of the 2024 Capital Improvement Program Update
- C. Operating Fund Overview/Recommended Budget Ceilings - 2024

V. OTHER BUSINESS

VI. PUBLIC COMMENTS

VII. ADJOURNMENT

Any member of the public wishing to speak will be given the opportunity to do so. If the item is on the Agenda, that opportunity will be while that Agenda item is being discussed. Any member of the public wishing to speak on an item not on the Agenda will be given the opportunity during the Other Business portion of the meeting. Please limit comments to three minutes.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, emercado@vah.com or (847)368-5793.



Committee-of-the-Whole
6/26/2023

Item: Review of the 12-month Period Ending 12/31/22 Annual Financial Report - Martha Trotter, Partner, Sikich, LLP

Department: Finance

Review of the 12-month Period Ending 12/31/22 Annual Financial Report - Martha Trotter, Partner, Sikich, LLP

Recommendation

It is recommended that the Committee-of-the-Whole accept the 12-month period ending December 31, 2022 Annual Financial Report.

ATTACHMENTS:

Description	Type
2022 VAH Final Audit	Report

**VILLAGE OF ARLINGTON HEIGHTS,
ILLINOIS**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Year Ended
December 31, 2022



VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

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

**VILLAGE OF ARLINGTON HEIGHTS,
ILLINOIS**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Year Ended
December 31, 2022

Prepared by the Finance Department

Thomas F. Kuehne, Finance Director/Treasurer
Mary Juarez, Assistant Finance Director
Alexis Smulson, Accounting Manager
Kevin Baumgartner, Budget Coordinator/Accountant

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INTRODUCTORY SECTION

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL OFFICERS

DECEMBER 31, 2022

VILLAGE BOARD

Thomas W. Hayes, Village President

Richard Baldino

Robin La Bedz

James Bertucci

John Scaletta

Mary Beth Canty

Tom Schwingbeck, Jr.

Nicolle Grasse

Jim Tinaglia

ADMINISTRATION

Village Manager, Randy Recklaus

Village Attorney..... Hart Passman

Village Clerk..... Rebecca Hume

Assistant to the Village Manager..... Diana Mikula

Human Resources Manager Mary Rath

Finance Director/Treasurer Thomas F. Kuehne

Chief of Police Nicholas Pecora

Fire Chief Lance Harris

Director of Planning & Community Development.....Charles Witherington-Perkins

Director of Building Services Jorge Torres

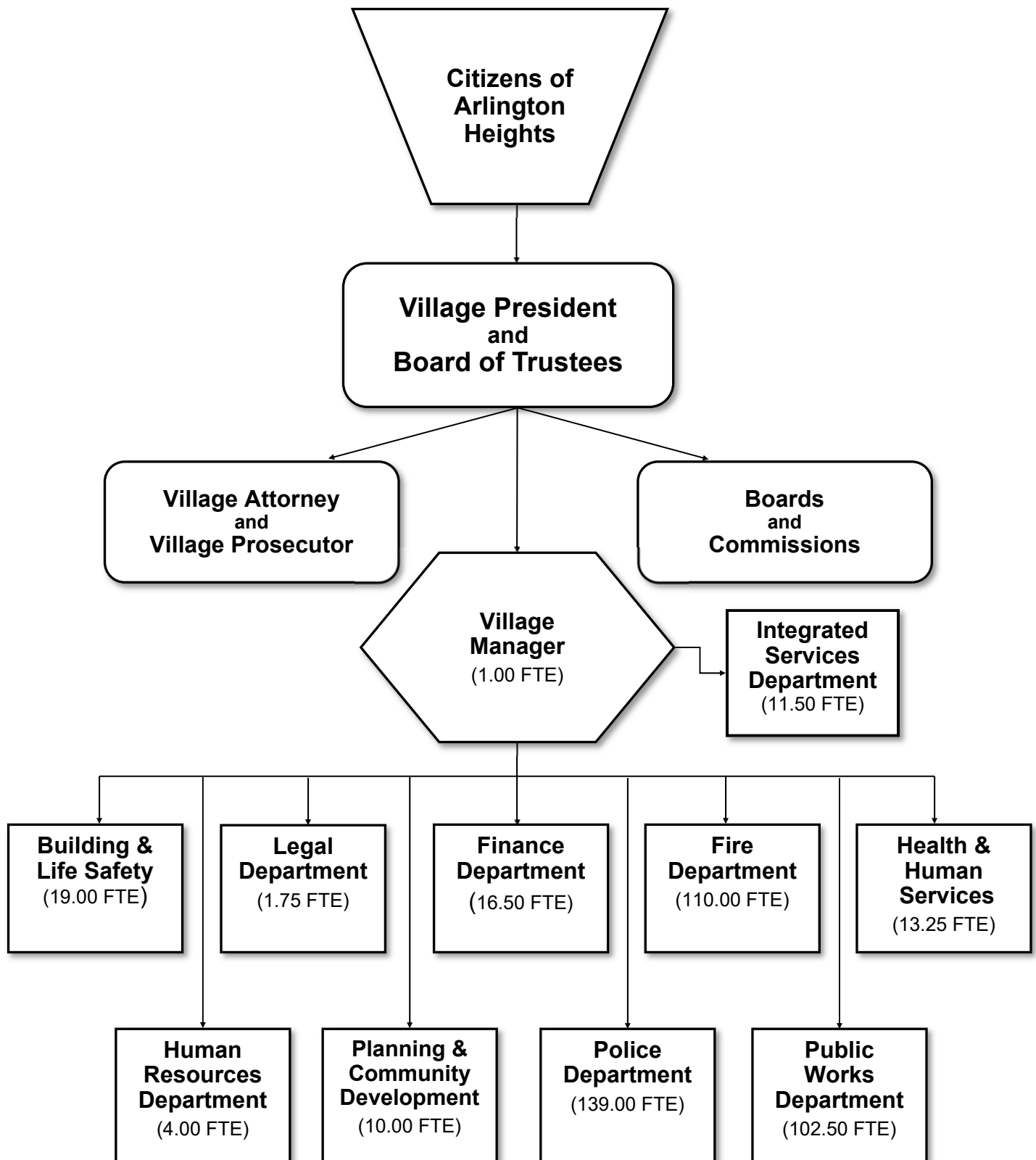
Director of Health & Human Services.....James McCalister

Public Works Director Cris Papierniak

VILLAGE OF ARLINGTON HEIGHTS

(428.5 FTE)

ORGANIZATION STRUCTURE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Arlington Heights
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



Village of Arlington Heights

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

June 15, 2023

The President and Members
of the Board of Trustees and the
Village Manager of the
Village of Arlington Heights

The Annual Comprehensive Financial Report (ACFR) of the Village of Arlington Heights (Village) for the year ended December 31, 2022, 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 Sikich, 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, 2022, 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, 2022, 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 the 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 2020 Census places the population at 77,676 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 7,950 rental units with considerable high-rise and multi-family residential development in and around the Downtown area.

The Village has a well-established reputation as a preeminent community located in the northwestern corridor of the Chicago metropolitan area. There is now relatively little undeveloped land in the Village. The Village's economic base is somewhat diversified with income and housing indices well above State levels. While primarily considered a residential community, there is a significant commercial base and a large retail sector. The Equalized Assessed Value of the property in the Village is split 71% residential and 29% commercial and industrial. Due to its healthy local economy, the Village of Arlington Heights has maintained a credit rating of Aa1 from Moody's Investor Service.

The Village operates under the Council/Manager form of government. Policymaking and legislative authority are vested in the Village Board, which consists of a President and eight Trustees. The Village Board is responsible, among other things, for passing ordinances, adopting the budget, appointing members to Boards and Commissions and hiring the Village Manager, Village Attorney, and Prosecuting Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board, for overseeing the day-to-day operations of the Village and for appointing employees including the heads of the Village's departments. 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.

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 39.7% of total General Fund expenditures. This is within the minimum fund balance level established in the Village's financial performance goals. A statement of the financial performance goals is incorporated in the Village's annual budget. This statement includes goals for revenues, expenditures, reserves, investment performance, capital improvements, debt, and financial reporting.

On a biennial basis the Village Board completes a strategic plan which is included in the annual budget and helps guide the development of this document. The Village's annual budget and financial planning process begins with the preparation of a biennial five-year capital improvement program and an annual 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 has remained healthy as the key operating funds, the General Fund and the Water & Sewer Fund, have both retained comfortable reserves.

The Village's efforts to be fiscally conservative while monitoring the financial climate at the state and federal levels allows the Village to ensure its economic strength will be maintained. The Village's strength is also demonstrated by the new businesses that have opened in the Village. Arlington Downs is the site of a \$320 million multi-use redevelopment. The site includes luxury apartments, plans for new restaurants, retail shops, and a new separate hotel building located within the planned unit development. Several phases of the Arlington Downs development have been completed and it is expected to be fully completed over the next few years. Northwest Gateway Center is planned along the retail corridor of Dundee Road. 511,600 feet of industrial and office space will be positioned in two warehouse buildings. 4 N. Hickory Apartments, is a 76 residential mixed use apartment development with 3,400 square feet of commercial space which is under construction with occupancy expected in the fall. The Chicago Bears football club has purchased the sizeable 326-acre area of the former Arlington Race Track. They are exploring the potential redevelopment of the area site including a mixed used development and an NFL stadium.

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.

Part of the Village's economic development program is to provide the opportunity for businesses to apply for the non-residential property tax incentive programs through Cook County. Cook County offers the Class 6b property tax abatement to incentivize re-occupancy of vacant industrial properties. This incentive lasts for 12 years. Businesses applying for a Class 6b tax abatement provide a 10% rebate to the Village of their property tax savings over the first five years of the incentive, in order to fund the Zero Interest Loan program or other economic development activities as approved. Additionally, the application fee (\$1,000) for the Class 6b incentive also goes towards funding the Zero Interest Loan program in order to assist in attracting and retaining other businesses.

In 2022, the Village approved five Class 6b requests:

- A Class 6b request for 3727 N. Ventura Drive was approved by the Village Board in mid-January. This will allow Kolbi Pipe Marker, an Arlington Heights business since 2010, the ability to relocate into a new property and allow the Village to retain their 50 employees.
- A Class 6b request for Elegante Cuisine at 2616 S. Clearbrook was approved in early February by the Village Board. This incentive will allow for the re-occupancy of a vacant 15,000 square foot building and bring 20 full-time workers to the community.
- The Class 6b renewal request for Atomic Mechanical was approved by the Village Board in mid-May. This will enable the retention of the business within their existing 36,000 square foot building, and allow for the expansion of their facilities. Atomic Mechanical currently employs 160 workers, approximately 50 of which work on site full-time.
- A Class 6b request for 416 W. Campus Drive has been approved by the Village Board. Razny, which operates four retail jewelers across the Chicago area, will use the property for assembly/warehouse/distribution operations. The site is expected to be home to 20 full-time workers in Year One, with plans to add five more over the next ten years. Property improvements include replacing the existing roof with a more environmentally-friendly white roof, upgrading site landscaping, and installing Energy Select windows.
- A Class 6b renewal request for J.R. Carlson Laboratories was approved by the Village Board. The long-time Arlington Heights company is a manufacturer and distributor of vitamins and supplements. Carlson Labs currently has over 130 employees, with plans to grow to nearly 200 over the next ten years. The abatement will allow for reinvestment in the building towards obtaining a LEED rating, in addition to retaining this growing company.

Cook County also offers the Class 7c property tax abatement to incentivize the re-occupancy or redevelopment of vacant properties. Unlike the industrial focus of the Class 6b program, the 7c incentives are strictly for commercial properties. This incentive lasts for five years, assessing the property at 10% over the first three years, 15% in the fourth year, and 20% in the fifth and final year. Applicants are also allowed up to one renewal. As with the 6b program, municipal approval is initially required, and then final approval goes through Cook County.

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, 2022; these projects reflect the Village's commitment to ensuring that its citizens are able to live and work in a desirable environment. The most significant of these projects are discussed below:

- Over \$7.7 million was spent on the ongoing street resurfacing and street reconstruction programs.
- \$3.3 million was spent on storm water control improvements.
- \$4.8 million was spent on water and sewer rehabilitation and replacement projects.
- In excess of \$600,000 was spent toward the replacement of Village vehicles.
- Other significant capital expenses included:
 - \$1.4 million was spent on redevelopment in the TIF V area
 - \$127,000 for municipal parking lot improvements

Other Efforts

For the third consecutive year, the 2022 property tax levy reflects a 0% increase over the prior year extended levy, while still providing high quality services to the community.

The year ended with a significant surplus in the General Fund, and the Village Board subsequently approved transfers-out to the Municipal Parking Operations Fund, the Capital Projects Fund, the Lead Service Line Replacement Fund, the Water and Sewer Fund and the Fleet Operations Fund to provide financial assistance for future capital costs. In addition, the General Fund was able to contribute \$2 million to each of the Public Safety Pension Funds to offset some of 2022's market decline in investments. The surplus also allowed the Village to abate the Village's 2022 Tax Levy by \$1.6 million.

Tyler Technologies, the Village's new Enterprise Resource Planning (ERP) provider began a multi-year implementation project. This software will enhance the employee, resident and business experience. It will provide greater sharing of information between Village departments with less duplication and redundant data processing, allowing our staff to provide more efficient services to our residents and businesses.

Storm Water Televising Assessment was finalized and identified high priority repair areas within the Village's storm water system.

The Berkley/Hintz Stormwater Improvements were completed. Significantly less flooding will occur due to the new storm sewers and the detention pond.

Relevant Financial Policies and Practices

Cash management policies and practices – Cash temporarily idle during the year was invested in money market funds, certificates of deposit, Treasury Bills, Commercial paper, the Illinois Metropolitan Investment Fund (IMET) and the Illinois State Treasurer's pool (Illinois Funds). The maximum maturity for the certificates of deposit is 1 1/2 years. The public safety pension funds can usually earn a higher rate of interest because their investment term is longer and they are permitted to invest a portion of their monies in equities. However, annual Police and Fire pension fund losses or gains are smoothed over a three-year period. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the Village intends to hold to maturity. Investments are made in accordance with State statutes and Village policy. The Village Board adopted a revised Investment Policy covering all funds it governs in 2020. Police and Firefighters' pension funds are covered by separate policies because these funds are governed by separate boards.

Risk management – The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of Illinois municipalities which have formed an association to pool its risk management needs. The Village offers to its employees five basic types of health insurance plans: a conventional HMO plan, a Blue Advantage HMO plan comprised of a smaller, more localized network, a self-insured PPO plan, a Core PPO and a high deductible PPO, which are all administered by a third party. All of

the Village's health plan options are offered to retirees who pay their insurance premiums in full that are under 65. Medicare-eligible retirees, who pay their insurance premiums in full, are offered a separate fully-insured group retiree medical plan. The Village is protected from catastrophic losses in the self-insured plan through the purchase of a stop-loss insurance policy. One of the functions of the Village's risk management operation is to organize various health and safety programs to minimize insurance related losses.

Pension and other post-employment benefits – The Village's sworn police officers participate in the Police Pension Employees Retirement System (PPERS), which is a single employer, defined benefit plan governed by a five-member pension board. The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS), which is a single employer, defined benefit plan governed by a five-member pension board. The defined benefits and employee contribution levels of both pension funds are governed by Illinois State statutes. The Village is authorized to approve the actuarial assumptions used to determine employer contribution levels. The most recent actuarial valuation as of January 1, 2022 for the year ending December 31, 2022 reflects funding levels of 87% for the Police Pension Fund and 81% for the Firefighters' Pension Fund on an actuarial basis.

The Village also provides pension benefits for its non-public safety employees. These benefits are provided through a statewide plan managed by the Illinois Municipal Retirement Fund (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to IMRF. The actuarial valuation for the Village's portion of IMRF as of December 31, 2021 reflects a funding level of 110%. It should be noted that the IMRF's funding level is just for the Village's active IMRF participants as IMRF retirees' pensions are 100% funded. Additional information on the Village's pension arrangements can be found in Note #15 (Defined Benefit Pension Plans) in the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its Annual Comprehensive Financial Report (ACFR) for period ended December 31, 2021. This was the thirty-third 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 ACFR. This report satisfied both GAAP and applicable legal requirements.

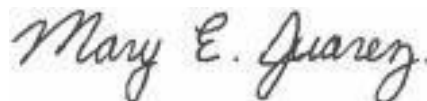
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Alexis Smulson, Accounting Manager, Kevin Baumgartner, Budget Coordinator/Accountant 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



Mary E. Juarez
Assistant Finance Director

FINANCIAL SECTION

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Arlington Heights, Illinois (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Arlington Heights, Illinois as of December 31, 2022, and the respective changes in financial positions and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Northwest Water Commission (NWWC), which represent 20.32%, 21.69%, and 3.33% of the assets, net position, and revenues of the business-type activities, respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village's investment in joint venture, is based on the report of the other auditor. The financial statements of the NWWC were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

The Village adopted GASB Statement No. 87, *Leases*, which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Our opinion is not modified with respect to these matters.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village as of and for the year ended December 31, 2021, and we expressed unmodified opinions on those basic financial statements. That audit was conducted for purposes of forming an opinion on the basic financial statements as a whole. The 2021 comparative information included on certain combining and individual financial statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of those basic 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 information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, supplemental information and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
June 15, 2023

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

The VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

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

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

Financial Highlights

- The Village's total net position increased by \$29.8 million or 12.0% during the calendar year ending December 31, 2022. The governmental net position increased by \$17.0 million and the business-type activities net position increased by \$12.8 million.
- The Village's combined Governmental Funds ending fund balance increased by \$4.3 million.
- At the end of the current fiscal year, the unrestricted fund balance for the General Fund was \$32,348,592 or 39.7% of General Fund expenditures.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statement's focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government to government) and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see Pages 5-8) 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 7-8) 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 9-10 and 12) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clean and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the Government-Wide Financial Statements. The Village maintains 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 14-18) 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, Arts, Entertainment and Events Fund, and the Lead Service Line Replacement Fund are the Village’s non-major enterprise funds. 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 and Firefighters’ Pension Fund, see Pages 19-20). 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 11 and 13). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide statements). The reconciliation also includes the Internal Service Funds’ activities given that the Internal Service Funds serve primarily the Governmental Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 21-76 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 77-89 of this report. The combining and individual fund statements for the governmental, enterprise internal service funds and fiduciary funds are presented on Pages 90-143 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)

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The Village's combined net position increased by \$29.8 million from 2021, increasing from \$248.0 million to \$277.8 million. The largest portion of the Village's net position (\$199.4 million) reflects its investment in capital assets (e.g., land, infrastructures, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 \$17.1 million from \$173.0 million to \$190.1 million. The business-type activities net position increased by \$12.8 million from \$75 million to \$87.8 million. Table 1 reflects the condensed Statement of Net Position compared to 2021. 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, 2022 (In Millions)

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current & Other Assets	\$ 201.5	\$ 167.2	\$ 50.6	\$ 41.4	\$ 252.1	\$ 208.6
Capital Assets	211.9	210.5	\$ 43.1	\$ 36.8	255.0	247.3
Total Assets	413.4	377.7	93.7	78.2	507.1	455.9
Deferred Outflows of Resources	57.2	29.0	2.2	2.3	59.4	31.3
Liabilities						
Current Liabilities	22.0	11.8	1.1	0.6	23.1	12.4
Long-Term Liabilities	193.0	134.6	2.3	2.1	195.3	136.7
Total Liabilities	215.0	146.4	3.4	2.7	218.4	149.1
Deferred Inflows of Resources	65.4	87.4	4.7	2.9	70.1	90.3
Net Position						
Net Investment in Capital Assets	167.9	162.0	43.1	36.8	199.4	191.0
Restricted	30.8	42.3	0.0	0.0	30.8	42.3
Unrestricted	(8.6)	(31.3)	44.6	38.1	47.6	14.7
Total Net Position	\$ 190.1	\$ 173.0	\$ 87.8	\$ 75.0	\$ 277.8	\$ 248.0

Note: The General Obligation Bonds, Series 2020, were issued as governmental activities debt to fund capital asset acquisitions for the business-type activities. Therefore, the total column includes the outstanding balance for these bonds (and related amounts), while the governmental activities column does not include these amounts in the calculation of the net investment of capital assets.

(See independent auditor's report.)

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

Normal Impacts on Net Position

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

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

Borrowing for Capital – which will increase current assets and long-term debt.

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

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

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

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

Current Year Impacts on Net Position

The Village's \$29.9 million increase of combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$17.1 million and the business-type activities net position increasing \$12.8 million. The governmental activities total assets and deferred outflow of resources increased by \$63.90 million and the governmental activities total liabilities and deferred inflows of resources increased by \$46.6 million.

The governmental activities total assets increase of \$35.7 million is due to a \$34.3 million increase in current and other assets and a \$1.4 million increase in capital assets. The governmental activities current assets increase is from several factors. The first is primarily from the increase in the cash position of \$14.7 million due to the funds received from the American Rescue Plan Act (ARPA) Grant, the increase of Income Taxes received over the prior year and the surplus of revenues over expenditures. Secondly, the Property Tax receivable increased \$8.1 million due to the delay of the 2nd installment of Property Taxes receipts in 2022. Thirdly, the current year included a Net Pension Asset for IMRF of \$11.7 due to the difference between the IMRF plan assets and the total pension liability. The \$1.4 million increase in capital assets was mainly from the addition of Public Improvement Infrastructure netted against the capital asset depreciation.

The large increase in total liabilities of \$68.6 million is attributable to the increase of \$10.5 million of current liabilities and \$58.3 million increase in the noncurrent liabilities over the prior year. The \$10.5 million increase in current liabilities was mainly from an increase of \$2.3 in Accounts Payable and Accrued payroll, due to the timing of year-end expenses not paid until the following year. In addition, Unearned Revenue increased \$2.1 Million from the unspent ARPA Grant Revenues that are not recognized as revenue until spent. The Village also recognized a liability Due to the Pension Funds of \$5.9 million for the planned transfer of \$4M of the General Fund's surplus and the amount due to the Pension Funds for the Property Tax levy that was not received before year end due to the delay in the 2nd installment of property Taxes. The Noncurrent liabilities increase was primarily from the actuarial valuation of the Police and Fire net pensions liabilities increasing \$66.6 million over prior year. Police and Fire Pension Liabilities had a substantial increase due to the poor performance of Police and Fire Pension Net Investment returns experienced during 2022, which decreased the Pension Plan's Net Position. The large increase was offset by a decrease of \$5.5 million in the Bonds Payable balance and \$2.2 million in the OPEB Liability.

(See independent auditor's report.)

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

The Village's other post-employment benefits (OPEB) obligation decreased by \$2.3 million due to the increase in the discount rate from 1.84% up to 4.05% which lowered the OPEB liability. Retirees and their dependents who are 65 or older and Medicare eligible, are no longer included in the Village's medical and prescription plan which thereby decreases the OPEB liability. As required by the Governmental Accounting Standards Board (GASB) Statement No. 75, the Village must now recognize the full liability associated with explicit and implicit post-employment benefits. The only explicit OPEB offered by the Village is 100% lifetime health insurance coverage for public safety officers disabled on the job as 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 65. Under the Village's current benefit package, retirees up to the age of 64 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 under 64 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.

The Deferred Outflows of Resources substantial increase of \$28.2 million is related mainly to the large increase in the Police and Fire pension items. The pension items deferred outflows are determined by actuarial valuations, the balances are derived from the variances between the expected and actual non-investment experience, investment earnings, and assumption changes. These same factors decreased the deferred inflows of resources for the Police and Fire pension items by \$31.9 million. The Village reports the deferred inflows of resources related to the 2022 property tax levy, which was levied in December 2022, but will not be collected and distributed to the Village until calendar year 2023.

The total assets of the business-type activities increased by \$15.4 million from \$78.2 million to \$93.7 million. This was mainly due to the \$4.2 million Internal Balance transfer from the General Fund's Surplus of \$1.2 million to the Lead Line Service Replacement Fund and \$3.0 million to the Water and Sewer Fund. In addition, the current year included the actuarial valuation Net Pension Asset - IMRF of \$3.4 million. Capital Assets in the Water and Sewer Fund also increased \$6.3 million, with the largest amount attributed to the increase of Underground Systems of \$8.1 million which was offset by depreciation of \$1.8 million. Cash and Customer accounts increased by \$700,000 and Investment in joint venture increased by \$800,000.

Total liabilities increased \$700,000 mainly from an increase in Accounts Payable in the Water and Sewer Fund. The Deferred Inflows of Resources increased \$1.8 million due to the IMRF items actuarial valuation.

(See independent auditor's report.)

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

Changes in Net Position

The Village's combined change in net position increased by \$29.8 million from \$247.9 million to \$277.8 million in 2022. The Village's total revenue (net of transfers) increased by \$10.9 million. The Village's cost of all programs increased by \$21.1 million primarily from the expense of the General Fund due to the Pension Funds for the Property Tax Levy that was not received before year end due to the delay in the 2nd installment of property taxes. 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	
	2022	2021	2022	2021	2022	2021
Revenue						
Program Revenues						
Charges for Services	\$ 14.1	\$ 13.2	\$ 24.2	\$ 23.8	\$ 38.3	\$ 37.0
Operating Grants	4.4	4.6	0.0	0.0	4.4	4.6
Capital Grants	2.4	4.1	4.0	3.1	6.4	7.2
General Revenues						
Property Taxes & Replacement Taxes	42.7	40.0	0.0	0.0	42.7	40.0
Other Taxes	51.4	46.4	1.0	0.7	52.4	47.1
Other Revenue	4.1	1.8	0.8	0.5	4.9	2.3
Total Revenues	\$ 119.1	\$ 110.1	\$ 30.0	\$ 28.1	\$ 149.1	\$ 138.2
Expenses						
Governmental Activities						
General Government	4.6	4.2	0.0	0.0	4.6	4.2
Public Safety	60.7	41.6	0.0	0.0	60.7	41.6
Highways & Streets	23.6	23.1	0.0	0.0	23.6	23.1
Community Development	4.9	5.1	0.0	0.0	4.9	5.1
Health & Welfare	3.0	2.2	0.0	0.0	3.0	2.2
Interest	1.6	1.9	0.0	0.0	1.6	1.9
Business Type						
Water & Sewer	0.0	0.0	18.5	17.9	18.5	17.9
Solid Waste Disposal	0.0	0.0	1.7	1.6	1.7	1.6
Arts, Ent. & Events	0.0	0.0	0.9	0.8	0.9	0.8
Total Expenses	\$ 98.4	\$ 78.1	\$ 21.1	\$ 20.3	\$ 119.4	\$ 98.3
Change in Net Position Before Transfers	\$ 20.7	\$ 32.0	\$ 8.9	\$ 7.8	\$ 29.7	\$ 39.9
Transfers	\$ (3.7)	\$ (6.7)	\$ 3.7	\$ 6.7	\$ -	\$ -
Change in Net Position	17.0	25.3	12.6	14.5	29.7	39.9
Beginning Net Position - As Restated	173.0	147.6	75.0	60.5	248.0	208.1
Ending Net Position	\$ 190.1	\$ 173.0	\$ 87.6	\$ 75.0	\$ 277.7	\$ 248.0

(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

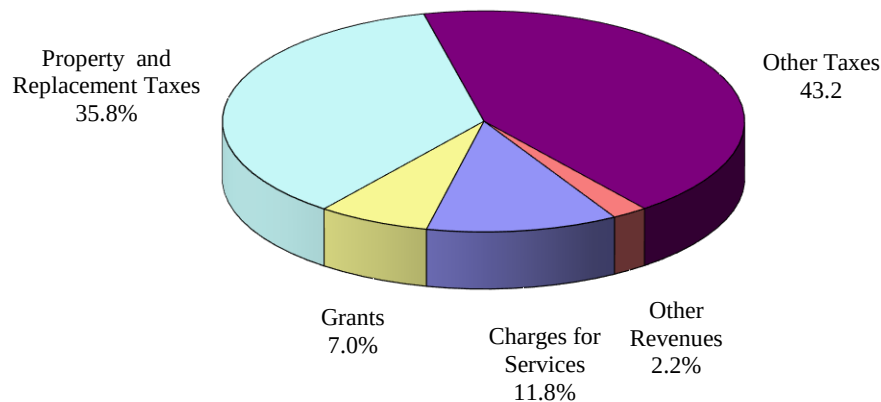
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Current Year Impacts

Governmental Activities

Revenues:

**12/31/22 Governmental Activities
Revenues by Source**



For the fiscal year ended December 31, 2022, revenues from Governmental Activities totaled \$119.1 million, which was \$9.0 million (net of transfers) more than the prior year total. Property and Replacement tax receipts of \$42.7 million, which represents 35.8% of the total Governmental Activity revenue, remained relatively level when compared to the prior year due to a 0% Property Tax increase from calendar year 2021.

During the fiscal year, Other taxes was one of the Village's largest revenue categories coming in at \$51.4 million and representing 35.8% of total Government Activity revenue. Other Taxes includes Sales and Home Rule taxes, which when combined brought in \$25.6 million during the calendar year. The increase in Sales taxes is mainly due to the state and federal laws that require payment of sales taxes on internet sales. In addition, the inflation raised the cost of goods, which increased Sales tax receipts. Food and Beverage Taxes also increased 8% over the prior year from, \$2.1 million to \$2.3 million as a result of inflation. Other Taxes also includes Income Taxes of \$12.7 million, which increased \$2.8 million over the prior year, which corresponds to a lower level of unemployment and inflation. Other taxes, also contains the telecommunications tax, use tax, and other miscellaneous taxes total. Telecommunication tax receipts decreased by about \$33,100 or 2% from more residents eliminating their land lines. Use taxes increased approximately \$189,800 and electric and natural gas utility tax receipts decreased by about \$21,700.

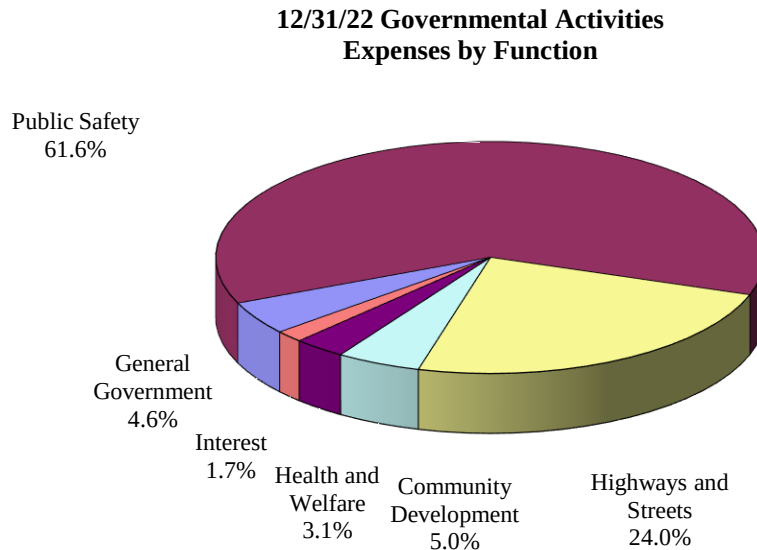
Charges for Services came in at \$14.1 million or 11.8% of total Government Activity revenue. These revenues include Building Permits, Engineering Service charges, Vehicle Licenses, Ambulance Fees, Cable Franchise Fees, General Fund Service Charges to the Municipal Parking, TIF, and Water & Sewer Funds, parking lot fees and fines, and other charges. Charges for Services increased \$952,000 due to inflation increasing the cost of services. The Village realized gains of \$827,000 from Fines and Fees and \$176,000 from Licenses and Permits. These gains were offset by a decrease in Parking fees of \$48,000, caused largely by less commuters due to hybrid remote work schedules that have become prevalent following the Pandemic.

Grants decreased approximately \$450,000 from the prior year. This decrease is primarily due to the deferral of unspent ARPA Grant monies received, offset by DCEO and State grants obtained.

(See independent auditor's report.)

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

Expenses:



For the year ended December 31, 2022, expenses from Governmental Activities totaled \$98.4 million. Expenses increased 26.2% over the prior year. The majority of the increase was from the Net Pension Liability and the expense of transferring the General Fund surplus and Property Taxes from the General Fund to the Pension Funds.

Police and Fire pension property tax levies are collected in the General Fund and paid to these respective pension funds as an employer contribution, and are shown as pension expenses in the Police and Fire Departments.

Business-Type Activities

Revenues:

The total revenue, excluding transfers in, for the business-type activities increased by \$1.9 million. Water and sewer rates increased 5.0% 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. General Fund Surplus Transfers-in amounted to \$4.2 million. \$1.2 million was contributed to the Water and Sewer Fund for the Water Meter Replacement Program and \$3 million was also contributed to the Lead Service Line Replacement Fund. Solid Waste Disposal revenues remained relatively consistent with the prior year. Arts, Entertainment, and Events Fund revenues increased by approximately \$344,000 from the prior year.

Expenses:

Expenses from business-type activities increased by about \$840,000 (net of transfers) compared to the prior year. The main reason was due to a increase in Personal Services, commodities and Capital Outlay. in the Water Utility Operations.

(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, 2022, the Governmental Funds Balance Sheet (as presented on Page 9-10) reported a combined fund balance of \$88,458,809, which is a 5% increase from the beginning of the year balance of \$84,202,219. Of the total fund balance, \$31,529,456 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 \$30,845,551 include \$1,820,239 for debt service, \$587,252 for capital projects, \$2,045,679 for public safety (Foreign Fire Insurance and Drug Forfeiture Funds), \$7,653,206 for highways and streets (MFT Fund), \$3,846,816 for Stormwater Control, and \$14,892,359 for community development (TIF Funds). 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 \$25,913,501 includes \$6,262,041 for public parking, \$18,832,324 for Capital Projects and \$819,136 for other miscellaneous purposes.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. Revenues came in over expenditures by \$8,460,628, mainly from the increase of Sales Tax receipts from the Internet and the effects of the rising Inflation. Income Taxes increased over the prior year due to a lower level of unemployment and inflation. Given that the General Fund has acquired a healthy fund balance over the years, the General Fund transferred its surplus to other funds. Transfers consisted of \$3 million to fund the new Lead Service Line Replacement Fund, \$2 million to the Fleet Fund, \$1.2 million to the Water and Sewer Fund, \$100,000 transfer to the Capital Projects Fund, and \$500,000 to the Municipal Parking Fund. An additional \$2 million was contributed to each of the Pension Funds. In addition, \$1.6 million of the surplus will be allocated to Abate the Village's 2022 Tax levy Payable in 2023.

The Debt Service Fund is used to account for the general long-term debt. The total fund balance of the Debt Service Fund of \$1,820,239 decreased by \$116,763 compared to \$1,937,002 at December 31, 2021. Property Taxes increased by \$132,246 due to the increase in the Property Tax Levy to adjust for higher debt service payments due in 2022.

The Capital Projects Fund accounts for the costs of capital improvement and equipment replacement. The total Fund Balance decreased by \$591,977 from \$19,424,301 to \$18,832,324 at December 31, 2022. The decrease in Fund Balance was mainly from the increase of expenditures by \$1.3 million and the \$2.5 million transfer out of ARPA Grant Funds to the Fleet Fund.

Proprietary Funds

At December 31, 2022 the Proprietary Funds (as presented on Pages 14-18) total net position increased by \$12.8 million or 17.1%. Accumulated depreciation increased by \$1.8 million and depreciable assets increased by \$8.2 million.

In the Water & Sewer Fund, current assets increased by \$1.7 million due mainly to the operating transfer in of \$1.2 million from the General Fund surplus, along with an increase of cash and investments of \$221,000 and \$327,000 increase in Customer Accounts. Solid Waste Disposal Fund cash and investments decreased by \$223,000 due to transfers out of \$500,000 to the General and Capital Projects Funds. In the A, E & E Fund, cash and investments increased \$278,100 mainly from Food and Beverage taxes of \$977,400 and Charges for Services and interest of \$182,100. These revenue cash inflows were offset by planned expenses of \$887,000. The new Lead Service Line Replacement Fund had an increase to Currents assets of \$3 million which was funded from the General Funds's surplus.

(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	\$ 78,932,700	\$ 79,159,804	\$ 90,007,615
Expenditures	79,132,700	79,594,541	81,546,987
Excess of Revenues			
Over Expenditures	\$ (200,000)	\$ (434,737)	\$ 8,460,628
Other Financing Sources (Uses)	200,000	200,000	(6,600,000)
Net Changes in Fund Balance	\$ -	\$ (234,737)	\$ 1,860,628

Over the course of the fiscal year, as shown on page 94 the Village amended the General Fund expenditure budget at various times for a total of \$461,841 or .6% over the original budget. The expenditure budget amendments can be summarized as follows:

<u>\$234,737</u>	Encumbrance rollover-purchase orders for goods ordered the prior year, but not received until this fiscal year.
<u>\$227,104</u>	Miscellaneous Budget Amendments.
<u>\$461,841</u>	Total General Fund expenditure budget amendments.

General Fund revenues ended the fiscal year \$10.8 million over the final budget from an increase of taxes received on Internet Sales, the recovery from Inflation and a lower unemployment rate. Sales, Home Rule Sales, Replacement Taxes and Food/beverage tax receipts were a combined \$5.3 million over budget. Income tax receipts outperformed the budget by \$3.4 million. Ambulance service charges came in over budget by \$1 million due to Ground Emergency Medical Transportation (GEMT) supplemental payments paid for transporting Medicaid patients. Other Grants came in over budget by \$105,000 primarily from State grants. Liquor and Vehicle licenses came in \$146,000 under budget. Building permits came in \$211,000 under Budget. State Use Tax came in \$151,000 over budget. Electric utility tax receipts came \$297,000 under budget, along with natural gas utility tax receipts coming in under budget by \$81,600. Telecommunications tax receipts came in over budget by \$280,000 and Cable franchise fees came in \$65,300 lower. This latter revenue decrease was caused by Disruptive technologies from residents replacing Cable with Streaming services.

The year-end results for General Fund expenditures came in over budget by \$1.9 million due to the unbudgeted \$4 million surplus transfer to the Public Safety Pension Funds. The fund's salaries came in under budget by \$1.2 million, due to normal and temporary workers' compensation related vacancies. Contractual Services, Commodities and Other Charges were below budget across all departments by \$670,000.

The General Fund's total net change in fund balance increased by \$1.9 million as a result of revenues coming in over expenditures by \$8.5 million, with an offset from net of other financing sources (uses) totaling \$6.6 million, to provide financial assistance to several capital funds. This transfer-out amount, combined with the additional Public Safety Pension contribution of \$4 million, was significantly higher than in prior years.

(See independent auditor's report.)

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

CAPITAL ASSETS

At the end of 2022, the Village had a combined total of \$254.9 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 34-35 in the Notes to the Financial Statements. Table 4 shows that total capital assets had a net increase (including additions and deletions) of \$7.71 million. 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	
	2022	2021	2022	2021	2022	2021
Land	\$12.40	\$12.40	\$2.93	\$2.93	\$15.33	\$15.33
Land Right-of-Way (ROW)	85.90	84.93	--	--	85.90	84.93
Construction in Progress	0.00	0.00	--	--	0.00	0.00
Building	67.83	70.97	7.20	7.53	75.03	78.50
Machinery & Equipment	7.20	8.07	1.60	1.94	8.80	10.01
Infrastructure (Streets)	38.50	34.11	--	--	38.50	34.11
Underground Systems (Water & Sewer)	--	--	31.39	24.40	31.39	24.40
Total Capital Assets, Net	\$211.87	\$210.52	\$43.12	\$36.80	\$254.99	\$247.28

Table 5: Change in Capital Assets (In Millions)

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$210.52	\$36.80	\$247.32
Additions			
Depreciable	6.30	8.16	14.46
Non-Depreciable	1.01	-	1.01
CIP	-	-	-
Retirements			
Depreciable	(0.30)	-	(0.30)
Non-Depreciable	-	-	-
CIP	-	-	-
Depreciation	(6.00)	(1.84)	(7.84)
Retirement	0.30	-	0.30
Ending Balance	\$211.83	\$43.12	\$254.99

The governmental activities net capital assets increased by \$1.3 million due primarily from the additions of vehicles and infrastructure. Depreciation Expense was \$6.0 million for the current year. For business-type activities, the capital assets net of depreciation increased by \$6.3 million or 17% due primarily to the addition of Infrastructure consisting of Storm Sewers.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

DEBT OUTSTANDING

As of December 31, 2022, total General Obligation Bonds outstanding for governmental activities amounted to \$51.6 million. Of this amount, \$33.5 million for reconstruction of public buildings, \$2.2 million is for road improvements, \$8.3 million for Storm Water Sewer Improvements, \$1.2 million for Parking Lot Infrastructure Improvements, and \$6.4 million for Water Main Replacements. 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 2020 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 37-40.

ECONOMIC FACTORS AND NEXT YEAR'S 2023 BUDGET

This fiscal year ended positively as the Village's General Fund ended with a surplus. Due to current and past year's budgeting policies that have been put in place, the Village has maintained a strong fund balance. During the past year, the Village experienced the effects of inflation. The Village tightened its expenditures where possible and was also fortunate to receive the ARPA Grant during 2022. Sales Taxes rose due to the new state and federal laws requiring the payment of sales taxes on internet sales. Property Tax receipts have remained stable and Income taxes increased from a lower Unemployment rate and inflation. During 2023, financial pressures from inflation and supply chain issues will continue to cause much higher Village expenses for fuel, vehicles and other products. Going forward, the Village will continue to budget conservatively to maintain a stable fund balance, while providing and improving services and infrastructure as technology and the economy changes.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 128,880,258	\$ 19,575,184	\$ 148,455,442
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	48,105,808	-	48,105,808
Other taxes	8,249,951	-	8,249,951
Customer accounts	-	3,714,498	3,714,498
CDBG rehabilitation loans	1,855,119	-	1,855,119
Grants	270,327	-	270,327
Accrued interest	60,684	9,965	70,649
Leases	2,792,753	-	2,792,753
Other	2,489,887	-	2,489,887
Prepaid expenses	898,825	142,793	1,041,618
Internal balances	(4,200,000)	4,200,000	-
Inventory	374,482	468,383	842,865
Net pension asset - IMRF	11,728,358	3,419,794	15,148,152
Investment in joint venture	-	19,037,399	19,037,399
Capital assets not being depreciated	98,348,074	2,926,027	101,274,101
Capital assets being depreciated (net of accumulated depreciation)	113,525,165	40,194,392	153,719,557
Total assets	413,379,691	93,688,435	507,068,126
DEFERRED OUTFLOWS OF RESOURCES			
Asset retirement obligation items	-	910,000	910,000
IMRF items	2,684,428	777,863	3,462,291
Police pension items	24,751,712	-	24,751,712
Firefighters' pension items	25,128,174	-	25,128,174
OPEB items	4,670,555	498,303	5,168,858
Total deferred outflows of resources	57,234,869	2,186,166	59,421,035
Total assets and deferred outflows of resources	470,614,560	95,874,601	566,489,161

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 7,061,163	\$ 947,760	\$ 8,008,923
Accrued payroll	2,087,321	107,761	2,195,082
Unearned revenue	3,024,093	-	3,024,093
Due to pension funds	5,946,561	-	5,946,561
Payroll taxes payable	2,540,597	-	2,540,597
Claims payable	1,477,178	-	1,477,178
Accrued interest payable	164,238	-	164,238
Noncurrent liabilities			
Due within one year	6,740,300	90,010	6,830,310
Due in more than one year	186,121,128	2,247,310	188,368,438
Total liabilities	215,162,579	3,392,841	218,555,420
DEFERRED INFLOWS OF RESOURCES			
IMRF items	15,885,538	4,632,041	20,517,579
Police pension items	1,466,216	-	1,466,216
Firefighters' pension items	1,075,913	-	1,075,913
OPEB items	4,917,808	97,635	5,015,443
Leases	2,893,881	-	2,893,881
Unavailable revenue - property taxes	39,138,600	-	39,138,600
Total deferred inflows of resources	65,377,956	4,729,676	70,107,632
Total liabilities and deferred inflows of resources	280,540,535	8,122,517	288,663,052
NET POSITION			
Net investment in capital assets*	167,868,942	43,120,419	199,386,764
Restricted for			
Public safety	2,045,679	-	2,045,679
Highways and streets	7,653,206	-	7,653,206
Capital projects	587,252	-	587,252
Community development	14,892,359	-	14,892,359
Debt service	1,820,239	-	1,820,239
Stormwater control	3,846,816	-	3,846,816
Unrestricted (deficit)	(8,640,468)	44,631,665	47,593,794
TOTAL NET POSITION	<u>\$ 190,074,025</u>	<u>\$ 87,752,084</u>	<u>\$ 277,826,109</u>

*General Obligation Bonds Series 2020 were issued as governmental activities debt to fund capital asset acquisitions for the business-type activities. Therefore, the total column includes the outstanding balance for these bonds (including unamortized premium and unspent proceeds), while the governmental activities column does not include these amounts in the calculation of the net investment in capital assets.

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 4,576,247	\$ 5,773,760	\$ 468,395	\$ -
Public safety	60,741,249	5,297,823	477,026	-
Highways and streets	23,621,473	785,523	3,063,150	2,418,215
Community development	4,855,162	2,217,759	369,611	-
Health and welfare	3,033,550	56,171	-	-
Interest	1,628,720	-	-	-
Total governmental activities	98,456,401	14,131,036	4,378,182	2,418,215
Business-Type Activities				
Water and sewer	18,530,516	22,024,055	-	4,322,762
Solid waste disposal	1,659,483	1,970,484	-	-
Arts, entertainment, and events	947,629	159,712	-	-
Total business-type activities	21,137,628	24,154,251	-	4,322,762
TOTAL PRIMARY GOVERNMENT	\$ 119,594,029	\$ 38,285,287	\$ 4,378,182	\$ 6,740,977

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ 1,665,908	\$ -	\$ 1,665,908	
(54,966,400)	-	(54,966,400)	
(17,354,585)	-	(17,354,585)	
(2,267,792)	-	(2,267,792)	
(2,977,379)	-	(2,977,379)	
(1,628,720)	-	(1,628,720)	
(77,528,968)	-	(77,528,968)	
-	7,816,301	7,816,301	
-	311,001	311,001	
-	(787,917)	(787,917)	
-	7,339,385	7,339,385	
(77,528,968)	7,339,385	(70,189,583)	
General Revenues			
Taxes			
Property	41,074,218	-	41,074,218
Utility	4,921,899	-	4,921,899
Home rule sales	9,609,418	-	9,609,418
Hotel/motel	937,369	-	937,369
Food and beverage	2,301,416	977,357	3,278,773
Telecommunications	1,651,598	-	1,651,598
Foreign fire insurance	180,396	-	180,396
Other	40,442	-	40,442
Intergovernmental - unrestricted			
Sales	15,993,182	-	15,993,182
Use	3,151,457	-	3,151,457
Replacement	1,652,822	-	1,652,822
Shared income taxes	12,657,093	-	12,657,093
ARPA grant	1,463,626	-	1,463,626
Investment income	1,341,626	335,812	1,677,438
Miscellaneous	1,291,043	449,179	1,740,222
Transfers	(3,700,000)	3,700,000	-
Total	94,567,605	5,462,348	100,029,953
CHANGE IN NET POSITION	17,038,637	12,801,733	29,840,370
NET POSITION, JANUARY 1	173,035,388	74,950,351	247,985,739
NET POSITION, DECEMBER 31	\$ 190,074,025	\$ 87,752,084	\$ 277,826,109

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2022

	General	Debt Service	Capital Projects	Nonmajor	Total
ASSETS					
Cash and investments	\$ 38,187,776	\$ 581,407	\$ 21,547,666	\$ 33,848,824	\$ 94,165,673
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	30,315,549	7,860,816	6,600,391	3,329,052	48,105,808
Other taxes	7,352,746	-	594,032	303,173	8,249,951
CDBG rehabilitation loans	-	-	-	1,855,119	1,855,119
Zero interest loans	-	-	-	88,130	88,130
Grants	-	-	-	270,327	270,327
Accrued interest	18,351	1,577	10,839	12,435	43,202
Leases	1,413,188	1,379,565	-	-	2,792,753
Other	1,747,065	-	-	211,938	1,959,003
Prepaid items	88,783	-	-	-	88,783
Due from other funds	200,001	-	100,000	500,000	800,001
Inventory	81,518	-	-	-	81,518
TOTAL ASSETS	\$ 79,404,977	\$ 9,823,365	\$ 28,852,928	\$ 40,418,998	\$ 158,500,268

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET (Continued)

December 31, 2022

	General	Debt Service	Capital Projects	Nonmajor	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,306,881	\$ 318	\$ 2,097,604	\$ 548,602	\$ 5,953,405
Accrued payroll	2,032,265	-	328	11,233	2,043,826
Deposits payable	2,540,597	-	-	-	2,540,597
Due to other funds	12,746,561	-	-	200,001	12,946,562
Unearned revenue	40,007	-	2,422,672	118,660	2,581,339
Total liabilities	20,666,311	318	4,520,604	878,496	26,065,729
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	1,943,249	1,943,249
Unavailable revenue - property taxes	24,830,000	6,498,700	5,500,000	2,309,900	39,138,600
Leases	1,389,773	1,504,108	-	-	2,893,881
Total deferred inflows of resources	26,219,773	8,002,808	5,500,000	4,253,149	43,975,730
Total liabilities and deferred inflows of resources	46,886,084	8,003,126	10,020,604	5,131,645	70,041,459
FUND BALANCES					
Nonspendable					
Prepaid items	88,783	-	-	-	88,783
Inventory	81,518	-	-	-	81,518
Restricted					
Debt service	-	1,820,239	-	-	1,820,239
Capital projects	-	-	-	587,252	587,252
Public safety	-	-	-	2,045,679	2,045,679
Highways and streets	-	-	-	7,653,206	7,653,206
Community development	-	-	-	14,892,359	14,892,359
Stormwater control	-	-	-	3,846,816	3,846,816
Unrestricted					
Assigned					
Disabled citizens programs	3,443	-	-	-	3,443
Emergency assistance programs	265,900	-	-	-	265,900
Senior center maintenance	272,000	-	-	-	272,000
Canine unit donation	127,793	-	-	-	127,793
TIF refund	150,000	-	-	-	150,000
Capital projects	-	-	18,832,324	-	18,832,324
Public parking	-	-	-	6,262,041	6,262,041
Unassigned	31,529,456	-	-	-	31,529,456
Total fund balances	32,518,893	1,820,239	18,832,324	35,287,353	88,458,809
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	\$ 79,404,977	\$ 9,823,365	\$ 28,852,928	\$ 40,418,998	\$ 158,500,268

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2022

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 88,458,809
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 governmental funds	211,873,239
Less internal service funds	(6,821,499)
Certain revenues are reported as unavailable in governmental funds but reported as revenue on the statement of activities	1,943,249
The net pension asset is reported only on the statement of net position	
Net pension asset - IMRF	11,728,358
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(51,605,000)
Unamortized premium on bonds	(4,001,894)
Net pension liability - police pension	(48,350,494)
Net pension liability - firefighters' pension	(62,061,151)
Total OPEB liability	(24,782,157)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows of resources	2,684,428
Deferred inflows of resources	(15,885,538)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the Police Pension Plan are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows of resources	24,751,712
Deferred inflows of resources	(1,466,216)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the Firefighters' Pension Plan are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows of resources	25,128,174
Deferred inflows of resources	(1,075,913)
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings for the Postemployment Benefit Plan are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position	
Deferred outflows of resources	4,576,576
Deferred inflows of resources	(4,860,048)
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in governmental funds	(1,820,885)
Less internal service funds	130,899
Accrued interest on long-term liabilities is reported as a liability on the statement of net position	(164,238)
The net position of the internal service funds are included in the governmental activities in the statement of net position	41,693,614
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 190,074,025

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

For the Year Ended December 31, 2022

	General	Debt Service	Capital Projects	Nonmajor	Total
REVENUES					
Taxes	\$ 43,091,603	\$ 6,466,213	\$ 7,626,110	\$ 3,532,830	\$ 60,716,756
Licenses and permits	4,252,704	-	-	-	4,252,704
Intergovernmental	33,454,554	-	-	4,189,040	37,643,594
Grants	719,929	-	1,466,626	2,019,428	4,205,983
Charges for services	32,940	-	-	2,507,626	2,540,566
Fines and fees	7,274,305	-	-	543	7,274,848
Investment income	478,594	56,205	411,908	394,919	1,341,626
Miscellaneous	702,986	149,301	303,735	154,526	1,310,548
Total revenues	90,007,615	6,671,719	9,808,379	12,798,912	119,286,625
EXPENDITURES					
Current					
General government	5,020,397	-	-	-	5,020,397
Public safety	56,116,876	-	-	342,044	56,458,920
Highways and streets	13,473,529	-	-	1,070,404	14,543,933
Community development	4,579,223	-	-	601,546	5,180,769
Health and welfare	2,356,962	-	-	-	2,356,962
Capital outlay	-	-	8,300,356	7,486,916	15,787,272
Debt service					
Principal retirement	-	5,335,000	-	-	5,335,000
Interest and fiscal charges	-	2,146,782	-	-	2,146,782
Total expenditures	81,546,987	7,481,782	8,300,356	9,500,910	106,830,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,460,628	(810,063)	1,508,023	3,298,002	12,456,590
OTHER FINANCING SOURCES (USES)					
Transfers in	200,000	693,300	400,000	500,000	1,793,300
Transfers (out)	(6,800,000)	-	(2,500,000)	(693,300)	(9,993,300)
Total other financing sources (uses)	(6,600,000)	693,300	(2,100,000)	(193,300)	(8,200,000)
NET CHANGE IN FUND BALANCES	1,860,628	(116,763)	(591,977)	3,104,702	4,256,590
FUND BALANCES, JANUARY 1	30,658,265	1,937,002	19,424,301	32,182,651	84,202,219
FUND BALANCES, DECEMBER 31	\$ 32,518,893	\$ 1,820,239	\$ 18,832,324	\$ 35,287,353	\$ 88,458,809

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,256,590
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	6,740,367
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(4,659,506)
Certain revenues are reported as unavailable in governmental funds but reported as revenue on the statement of activities	(91,587)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	5,335,000
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Amortization of gains and losses on refundings	(54,154)
Amortization of premium on long-term debt	557,696
Change in compensated absences liability	36,295
Change in accrued interest payable	14,520
The change in the Illinois Municipal Retirement Fund net pension asset and deferred outflows and inflows of resources is not a source or use of a financial resource	
Net pension asset	11,762,896
Deferred outflows and deferred inflows of resources	(7,511,086)
The change in the Police Pension Plan net pension liability and deferred outflow/inflows of resources is not a source or use of a financial resource	
Net pension liability	(34,584,825)
Deferred outflows and deferred inflows of resources	34,196,191
The change in the Firefighters' Pension Plan net pension liability and deferred outflow/inflows of resources is not a source or use of a financial resource	
Net pension liability	(31,981,340)
Deferred outflows and deferred inflows of resources	28,649,664
The change in the total OPEB liability and deferred outflow/inflows of resources is not a source or use of a financial resource	
Total OPEB liability	2,270,021
Deferred outflows and deferred inflows of resources	(3,035,573)
The change in net position of internal service funds is reported in governmental activities	<u>5,137,468</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,038,637</u>

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

December 31, 2022

	Business-Type Activities			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,612,240	\$ 8,962,944	\$ 19,575,184	\$ 34,714,585
Receivables				
Customer accounts	3,491,152	223,346	3,714,498	-
Accrued interest	5,338	4,627	9,965	17,482
Other	-	-	-	442,754
Prepaid expenses	7,600	135,193	142,793	810,042
Due from other funds	1,200,000	3,000,000	4,200,000	2,000,000
Inventory	468,383	-	468,383	292,964
Total current assets	15,784,713	12,326,110	28,110,823	38,277,827
NONCURRENT ASSETS				
Capital assets				
Nondepreciable capital assets	2,450,827	475,200	2,926,027	-
Depreciable capital assets	123,323,126	2,468,354	125,791,480	23,020,325
Accumulated depreciation	(84,344,054)	(1,253,034)	(85,597,088)	(16,198,826)
Net capital assets	41,429,899	1,690,520	43,120,419	6,821,499
Other assets				
Net pension asset - IMRF	3,419,794	-	3,419,794	-
Investment in joint venture	19,037,399	-	19,037,399	-
Total other assets	22,457,193	-	22,457,193	-
Total noncurrent assets	63,887,092	1,690,520	65,577,612	6,821,499
Total assets	79,671,805	14,016,630	93,688,435	45,099,326
DEFERRED OUTFLOWS OF RESOURCES				
Asset retirement obligation items	910,000	-	910,000	-
IMRF items	777,863	-	777,863	-
OPEB items	498,303	-	498,303	93,979
Total deferred outflows of resources	2,186,166	-	2,186,166	93,979
Total assets and deferred outflows of resources	81,857,971	14,016,630	95,874,601	45,193,305

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION (Continued)

December 31, 2022

	Business-Type Activities			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CURRENT LIABILITIES				
Accounts payable	\$ 894,276	\$ 53,484	\$ 947,760	\$ 1,107,758
Unearned revenue	-	-	-	442,754
Accrued payroll	107,761	-	107,761	43,495
Claims payable	-	-	-	1,477,178
Compensated absences payable	39,703	-	39,703	26,180
Total OPEB liability	50,307	-	50,307	10,428
Total current liabilities	1,092,047	53,484	1,145,531	3,107,793
LONG-TERM LIABILITIES				
Compensated absences payable	158,813	-	158,813	104,719
Asset retirement obligations	1,050,000	-	1,050,000	-
Total OPEB liability	1,038,497	-	1,038,497	229,419
Total long-term liabilities	2,247,310	-	2,247,310	334,138
Total liabilities	3,339,357	53,484	3,392,841	3,441,931
DEFERRED INFLOWS OF RESOURCES				
IMRF items	4,632,041	-	4,632,041	-
OPEB items	97,635	-	97,635	57,760
Total deferred inflows of resources	4,729,676	-	4,729,676	57,760
Total liabilities and deferred inflows of resources	8,069,033	53,484	8,122,517	3,499,691
NET POSITION				
Net investment in capital assets	41,429,899	1,690,520	43,120,419	6,821,499
Unrestricted	32,359,039	12,272,626	44,631,665	34,872,115
TOTAL NET POSITION	<u>\$ 73,788,938</u>	<u>\$ 13,963,146</u>	<u>\$ 87,752,084</u>	<u>\$ 41,693,614</u>

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

For the Year Ended December 31, 2022

	Business-Type Activities			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
OPERATING REVENUES				
Charges for services	\$ 21,161,257	\$ 2,130,196	\$ 23,291,453	\$ 20,243,448
Contributions	-	-	-	2,705,621
Fines	-	-	-	15,371
Miscellaneous	416,379	-	416,379	218,792
Total operating revenues	21,577,636	2,130,196	23,707,832	23,183,232
OPERATING EXPENSES				
Operations	16,714,773	2,546,439	19,261,212	21,830,269
Depreciation and amortization	1,815,743	60,673	1,876,416	1,343,901
Total operating expenses	18,530,516	2,607,112	21,137,628	23,174,170
OPERATING INCOME (LOSS)	3,047,120	(476,916)	2,570,204	9,062
NON-OPERATING REVENUES (EXPENSES)				
Investment income	213,938	121,874	335,812	437,534
Increase in joint venture	862,798	-	862,798	-
Other income	32,750	50	32,800	190,872
Food and beverage tax	-	977,357	977,357	-
Total non-operating revenues (expenses)	1,109,486	1,099,281	2,208,767	628,406
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	4,156,606	622,365	4,778,971	637,468
TRANSFERS				
Transfers in	1,200,000	3,000,000	4,200,000	4,500,000
Transfers (out)	-	(500,000)	(500,000)	-
Total transfers	1,200,000	2,500,000	3,700,000	4,500,000
CONTRIBUTIONS	4,322,762	-	4,322,762	-
CHANGE IN NET POSITION	9,679,368	3,122,365	12,801,733	5,137,468
NET POSITION, JANUARY 1	64,109,570	10,840,781	74,950,351	36,556,146
NET POSITION, DECEMBER 31	\$ 73,788,938	\$ 13,963,146	\$ 87,752,084	\$ 41,693,614

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	Business-Type Activities			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 21,277,793	\$ 2,085,375	\$ 23,363,168	\$ 2,707,551
Payments for internal services	(3,076,153)	-	(3,076,153)	20,750,280
Payments to suppliers	(8,686,376)	(2,350,359)	(11,036,735)	(19,462,396)
Payments to employees	(6,871,745)	(221,300)	(7,093,045)	(2,831,503)
Net cash from operating activities	2,643,519	(486,284)	2,157,235	1,163,932
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from other funds	-	(3,000,000)	(3,000,000)	(2,000,000)
Transfers in	1,200,000	3,000,000	4,200,000	4,500,000
Transfers (out)	-	(500,000)	(500,000)	-
Food and beverage tax receipts	-	977,357	977,357	-
Net cash from noncapital financing activities	1,200,000	477,357	1,677,357	2,500,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(3,836,880)	-	(3,836,880)	(619,188)
Net cash from capital and related financing activities	(3,836,880)	-	(3,836,880)	(619,188)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	213,938	117,434	331,372	421,206
Net cash from investing activities	213,938	117,434	331,372	421,206
NET INCREASE IN CASH AND CASH EQUIVALENTS	220,577	108,507	329,084	3,465,950
CASH AND CASH EQUIVALENTS, JANUARY 1	10,391,663	8,854,437	19,246,100	31,248,635
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 10,612,240</u>	<u>\$ 8,962,944</u>	<u>\$ 19,575,184</u>	<u>\$ 34,714,585</u>

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2022

	Business-Type Activities			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,047,120	\$ (476,916)	\$ 2,570,204	\$ 9,062
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization	1,815,743	60,673	1,876,416	1,343,901
Other income	32,750	50	32,800	190,872
Change in assets and liabilities				
Receivables	(332,593)	(44,871)	(377,464)	(83,727)
Prepaid expenses	-	(6,414)	(6,414)	(801,994)
Due from other funds	(1,200,000)	-	(1,200,000)	-
Inventories	75,567	-	75,567	(24,563)
Accounts payable	486,986	-	486,986	607,658
Accrued payroll	(8,939)	(18,806)	(27,745)	(1,489)
Unearned revenue	-	-	-	83,727
Compensated absences payable	(24,193)	-	(24,193)	(13,305)
IMRF items	(1,239,719)	-	(1,239,719)	-
OPEB items	(9,203)	-	(9,203)	19,160
Claims payable	-	-	-	(165,370)
NET CASH FROM OPERATING ACTIVITIES	\$ 2,643,519	\$ (486,284)	\$ 2,157,235	\$ 1,163,932
NONCASH TRANSACTIONS				
Investment in joint venture	\$ 862,798	\$ -	\$ 862,798	\$ -
Contributions of capital assets	4,322,762	-	4,322,762	-
Total noncash transactions	\$ 5,185,560	\$ -	\$ 5,185,560	\$ -

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PENSION TRUST FUNDS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2022

	Pension Trust
ASSETS	
Cash and cash equivalents	\$ 11,205,010
Investments	
U.S. Government and agency obligations	30,373,647
Equity securities	35,450,827
Mutual funds	67,677,837
Corporate bonds	15,646,669
Municipal bonds	727,372
Investments held in the Illinois Firefighters' Pension Investment Fund	120,136,304
Receivables	
Accrued interest	345,478
Other	98,076
Due from other funds	5,946,561
Total assets	287,607,781
LIABILITIES	
Accounts payable	147,049
Deferred revenue	22,112
Total liabilities	169,161
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 287,438,620

See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PENSION TRUST FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2022

ADDITIONS

Contributions	
Employer	\$ 13,076,000
Participants	2,393,060
Other	<u>873,309</u>

Total contributions	<u>16,342,369</u>
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Investment income	
Net (depreciation) in fair value of investments	(48,649,860)
Interest income	<u>4,029,515</u>

Subtotal	(44,620,345)
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Less investment expense	<u>(452,449)</u>
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Net investment income	<u>(45,072,794)</u>
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Total additions	<u>(28,730,425)</u>
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DEDUCTIONS

Administrative	161,454
Pension benefits and refunds	<u>18,804,897</u>

Total deductions	<u>18,966,351</u>
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NET (DECREASE)	(47,696,776)
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**NET POSITION RESTRICTED FOR
PENSION BENEFITS**

January 1	<u>335,135,396</u>
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December 31	<u><u>\$ 287,438,620</u></u>
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See accompanying notes to financial statement.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Arlington Heights, Illinois (the Village) was incorporated in 1887. The Village provides services to the community that include police, fire, water and sewer utility, community development, street maintenance, and general services.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America, as applicable to governments (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

a. Reporting Entity

The Village is a municipal corporation governed by an elected eight-member board. As required by GAAP, these financial statements present the Village (the primary government). Management has determined that there are two fiduciary component units that are required to be included in the financial statements of the Village as pension trust funds.

Police Pension Employees Retirement System

The Village's police employees participate in 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 Mayor, one elected by pension beneficiaries and two elected police employees constitute the pension board. The Village is obligated to fund all PPERS costs not funded by PPERS participants based upon actuarial valuations, which creates a financial burden on the Village. 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 contribution levels, which results in the PPERS being fiscally dependent upon the Village. PPERS is reported as a pension trust fund. PPERS does not issue a stand-alone financial report.

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected fire employees constitute the pension board. The Village is obligated to fund all FPERS costs not funded by FPERS participants based upon actuarial valuations, which creates a financial burden on the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System (Continued)

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 contribution levels, which results in the FPERS being fiscally dependent on the Village. FPERS is reported as a pension trust fund. FPERS does not issue a stand-alone financial report.

b. Fund Accounting

The Village uses funds to report on its financial position and the change in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of committed, restricted, or assigned monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds), and the funds committed, restricted, or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the Village not accounted for in some other fund.

Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in a fiduciary capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

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

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

The Capital Projects Fund accounts for financial resources that are restricted, committed, or assigned to expenditure for miscellaneous capital improvement projects and equipment replacement. Major projects include: road improvements, curb replacement, paving maintenance, and sidewalk replacement/installation.

The Village reports the following major proprietary funds:

The Water and Sewer Fund accounts 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, billing and collection.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

Additionally, the Village reports the following Internal Service Funds:

Internal Service Funds account for operations that provide services to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis.

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

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 workers' compensation.

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

The internal service funds are reported as part of the governmental activities on the government-wide financial statements as the services provided predominantly benefit the Village's governmental funds/activities.

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally 60 days except for sales taxes and telecommunication taxes which use 90 days. The Village recognizes property taxes when they become both measurable and available in the year for which they are levied (i.e., intended to finance). Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Property taxes, sales taxes owed from the state at year end, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (e.g., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Village reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow of resources for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

For purposes of the statement of cash flows, the Village considers cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (current portion of interfund loans) or “advances to/from other funds” (noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances are offset by nonspendable fund balance in applicable governmental funds.

Interfund service transactions are accounted for as revenues, expenditures, or expenses.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

g. Property Taxes

Property taxes for 2022 attached as an enforceable lien on January 1, 2022, on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2023 and August 1, 2023 and are payable in two installments, on or about March 1, 2023 and September 1, 2023. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 3% of the tax levy, to reflect actual collection experience. Since the 2022 levy is intended to fund the 2023 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Inventories and Prepaid Items/Expenses

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses. Prepaid items/expenses are recorded as expenditures/expenses when consumed rather than when purchased.

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$25,000 (with the exception of \$10,000 vehicles) and an estimated useful life of greater than of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-40
Machinery, equipment, and vehicles	3-20
Infrastructure	40
Underground systems	40

j. Compensated Absences

Vested or accumulated vacation leave that is owed to retirees or terminated employees, if applicable, is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 financial statements. Bond premiums and discounts, as well as the unamortized loss on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount.

Issuance costs are reported as expenses.

The unamortized loss on refunding is reported as a deferred outflow of resources.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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 expenditures.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

m. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balance/Net Position (Continued)

constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's Finance Director through the fund balance policy adopted by the Village Board of Trustees. Any residual fund balance of the General Fund is reported as unassigned. Deficit fund balances of other governmental funds are also reported as unassigned.

The Village has established a fund balance reserve policy for its General Fund. The policy requires unassigned fund balances to be maintained in the General Fund equivalent to 25% of the fund's annual operating expenditures.

The Stormwater Fund reports restricted fund balance for capital projects (stormwater management projects) as established by the enabling ordinance.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Village and pension funds categorize the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds.

The Village's investment policy limits their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the Village maintains a list of approved security brokers/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and rate of return.

The Village maintains a cash pool that is available for use by all funds, except the pension trust funds. 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.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village, an independent third party, the Federal Reserve Bank of Chicago, or with an irrevocable line of credit at the Federal Home Loan Bank of Chicago.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments (Continued)

Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable CDs	\$ 652,000	\$ 652,000	\$ -	\$ -	\$ -
TOTAL	\$ 652,000	\$ 652,000	\$ -	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its 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 mutual funds or similar investment pools.

The Village has the following recurring fair value measurements as of December 31, 2022: The negotiable certificates of deposit are measured at fair value using quoted matrix pricing models (Level 2 inputs).

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by 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 Illinois Funds and IMET are rated AAA. The investment negotiable certificates of deposit are not rated.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in 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 (DVP) basis with the underlying investments held in a custodial account with the trust department of an approved financial institution. The Illinois Funds and IMET are not subject to custodial credit risk.

The Illinois Metropolitan Investment Fund (IMET) is a local government investment pool. Created in 1996 as a not-for-profit trust formed under the Intergovernmental Cooperation Act and the Illinois Municipal Code. IMET was formed to provide Illinois government agencies with safe, liquid, attractive alternatives for investing and is managed by a Board of Trustees elected from the participating members. IMET offers participants two separate vehicles to meet their investment needs. The IMET Core Fund is designed for public funds that may be invested for longer than one year. The Core Fund carries the highest rating available (AAAf/bf) from Moody's for such funds. Member withdrawals can be made from the core fund with a five day notice. The IMET Convenience Fund (CVF) is designed to accommodate funds requiring high liquidity, including short term cash management programs and temporary investment of bond proceeds. It is comprised of collateralized and FHLB LoC backed bank deposits, FDIC insured certificates of deposit and US government securities. Member withdrawals are generally on the same day as requested. Investments in IMET are valued at IMET's share price, which is the price the investment could be sold.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and authorized investment pools) but has no set percentage limits.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

The following receivables are included in other taxes receivable on the statement of net position at December 31, 2022:

GOVERNMENTAL ACTIVITIES

Municipal sales tax	\$ 3,914,598
Home rule sales tax	2,376,127
Other taxes	1,656,053
Motor fuel tax	<u>303,173</u>

TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 8,249,951</u>
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The following receivables are included in other receivables on the statement of net position:

GOVERNMENTAL ACTIVITIES

Franchise fees	\$ 328,592
Utility taxes	499,843
Grants	97,702
Zero interest loans	88,130
Stormwater	206,210
IRMA	442,754
Miscellaneous	<u>826,656</u>

TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,489,887</u>
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VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 12,400,272	\$ -	\$ -	\$ 12,400,272
Land right of way	84,933,816	1,013,986	-	85,947,802
Total capital assets not being depreciated	97,334,088	1,013,986	-	98,348,074
Capital assets being depreciated				
Buildings and improvements	125,895,562	-	-	125,895,562
Machinery, equipment, and vehicles	25,950,858	705,637	296,509	26,359,986
Infrastructure	82,290,326	5,639,931	-	87,930,257
Total capital assets being depreciated	234,136,746	6,345,568	296,509	240,185,805
Less accumulated depreciation for				
Buildings and improvements	54,925,141	3,076,508	-	58,001,649
Machinery, equipment, and vehicles	17,878,061	1,653,235	296,509	19,234,787
Infrastructure	48,150,540	1,273,664	-	49,424,204
Total accumulated depreciation	120,953,742	6,003,407	296,509	126,660,640
Total capital assets being depreciated, net	113,183,004	342,161	-	113,525,165
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 210,517,092	\$ 1,356,147	\$ -	\$ 211,873,239

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 596,145
Public safety	1,130,015
Highways and streets	1,522,002
Community development	396,929
Health and welfare	1,014,415
Internal service	1,343,901
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	\$ 6,003,407

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,926,027	\$ -	\$ -	\$ 2,926,027
Total capital assets not being depreciated	2,926,027	-	-	2,926,027
Capital assets being depreciated				
Buildings and improvements	19,094,219	-	-	19,094,219
Machinery and equipment	6,420,883	-	-	6,420,883
Underground systems	92,116,738	8,159,640	-	100,276,378
Total capital assets being depreciated	117,631,840	8,159,640	-	125,791,480
Less accumulated depreciation for				
Buildings and improvements	11,567,430	379,343	-	11,946,773
Machinery and equipment	4,479,085	288,338	-	4,767,423
Underground systems	67,709,157	1,173,735	-	68,882,892
Total accumulated depreciation	83,755,672	1,841,416	-	85,597,088
Total capital assets being depreciated, net	33,876,168	6,318,224	-	40,194,392
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 36,802,195</u>	<u>\$ 6,318,224</u>	<u>\$ -</u>	<u>\$ 43,120,419</u>

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

BUSINESS-TYPE ACTIVITIES	
Water and sewer	\$ 1,780,743
Arts, entertainment, and events	<u>60,673</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 1,841,416</u>

5. 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; 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-insured program. The Village is self-insured for the first \$100,000 for property claims, \$100,000 per employee for medical claims, \$100,000 for errors and omissions, and \$100,000 for workers' compensation claims.

Effective July 2017, The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of Illinois municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its risk management needs.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT (Continued)

IRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration and litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

Each member appoints one delegate along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Each member assumes the first \$10,000 (higher optional deductibles available) of each occurrence, and IRMA has self-insurance retentions at various amounts above that level. The Village has chosen an optional higher deductible of \$100,000. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in the appropriate funds. The coverages provided by IRMA are generally consistent with the coverages in the prior year.

Premiums are paid into the internal service funds by the departments of the General Fund and other funds based upon historical cost estimates. The total claims liability remaining as of December 31, 2022, was \$1,477,178.

There were no insurance claims that exceeded the amount of insurance coverage during the last three years.

A reconciliation of claims liability for the current year and that of the preceding year follows:

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Total
UNPAID CLAIMS, DECEMBER 31, 2020	\$ 1,500,311	\$ 35,846	\$ 226,488	\$ 1,762,645
Claims incurred - 2021	-	-	-	-
Claims payments - 2021	(93,502)	(18,632)	(7,963)	(120,097)
UNPAID CLAIMS, DECEMBER 31, 2021	1,406,809	17,214	218,525	1,642,548
Claims incurred - 2022	7,570	-	-	7,570
Claims payments - 2022	-	(9,911)	(163,029)	(172,940)
UNPAID CLAIMS, DECEMBER 31, 2022	\$ 1,414,379	\$ 7,303	\$ 55,496	\$ 1,477,178

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. COMMUNITY DEVELOPMENT BLOCK GRANT REHABILITATION LOANS

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

	Interest Rates	Beginning of Year	Loans Made	Loan Repayments	Loan Write-Off	End of Year
CDBG rehab loans	0%	\$ 1,868,342	\$ 45,334	\$ 58,557	\$ -	\$ 1,855,119

7. LONG-TERM DEBT

a. 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. Any general obligation bonds issued for proprietary funds are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

b. Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended December 31, 2022:

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions/ Refunding	Balances December 31	Current
GOVERNMENTAL ACTIVITIES						
\$2,855,000 General Obligation Refunding Bonds, Series 2010, due in annual installments of \$20,000 to \$280,000 with interest at 1.50% to 3.25%. The last payment is due December 1, 2022.	Debt Service	\$ 280,000	\$ -	\$ 280,000	\$ -	\$ -

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

b. Changes in Long-Term Liabilities (Continued)

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions/ Refunding	Balances December 31	Current
GOVERNMENTAL ACTIVITIES (Continued)						
\$9,670,000 General Obligation Refunding Bonds, Series 2012A, due in annual installments of \$85,000 to \$2,145,000 with interest at 2%. The last payment is due December 1, 2022.	Debt Service	\$ 1,375,000	\$ -	\$ 1,375,000	\$ -	\$ -
\$32,900,000 General Obligation Bonds, Series 2016, due in annual installments ranging from \$645,000 to \$2,315,000 with interest at 3% to 4%. The last payment is due December 1, 2036.	Debt Service	27,765,000	-	1,595,000	26,170,000	1,530,000
\$9,530,000 General Obligation Refunding Bonds, Series 2018, due in annual installments ranging from \$240,000 to \$665,000 with interest at 3.50% to 5.00%. The last payment is due December 1, 2038.	Debt Service	8,615,000	-	360,000	8,255,000	375,000
\$7,985,000 General Obligation Refunding Bonds, Series 2019, due in annual installments of \$640,000 to \$2,265,000 with interest at 5%. The last payment is due December 1, 2026.	Debt Service	7,985,000	-	640,000	7,345,000	2,185,000
\$11,650,000 General Obligation Bonds, Series 2020, due in annual installments ranging from \$500,000 to \$1,960,000 with interest at 4%. The last payment is due December 1, 2030.	Debt Service	10,920,000	-	1,085,000	9,835,000	1,130,000
TOTAL GOVERNMENTAL ACTIVITIES		\$ 56,940,000	\$ -	\$ 5,335,000	\$ 51,605,000	\$ 5,220,000

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

b. Changes in Long-Term Liabilities (Continued)

The following is a summary of changes in long-term liabilities during 2022:

	Debt Retired by	Balances January 1	Additions	Reductions	Balances December 31	Current Portion at December 31
GOVERNMENTAL ACTIVITIES						
General obligation bonds	Debt Service	\$ 56,940,000	\$ -	\$ 5,335,000	\$ 51,605,000	\$ 5,220,000
Unamortized bond premium		4,559,590	-	557,696	4,001,894	-
Compensated absences	General/Internal Service	1,870,485	324,497	374,097	1,820,885	364,177
Total OPEB liability	General/Internal Service	27,278,348	13,677	2,270,021	25,022,004	1,156,123
Net pension liability - IMRF*	General	34,538	-	34,538	-	-
Net pension liability - Police Pension	General	13,765,669	34,584,825	-	48,350,494	-
Net pension liability - Firefighters' Pension	General	30,079,811	31,981,340	-	62,061,151	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 134,528,441	\$ 66,904,339	\$ 8,571,352	\$ 192,861,428	\$ 6,740,300
BUSINESS-TYPE ACTIVITIES						
Compensated absences	Water and Sewer	\$ 222,709	\$ 20,349	\$ 44,542	\$ 198,516	\$ 39,703
Net pension liability - IMRF*	Water and Sewer	10,071	-	10,071	-	-
Total OPEB liability	Water and Sewer	858,527	230,277	-	1,088,804	50,307
Asset retirement obligation	Water and Sewer	1,050,000	-	-	1,050,000	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 2,141,307	\$ 250,626	\$ 54,613	\$ 2,337,320	\$ 90,010

*The Village reported an IMRF net pension asset at December 31, 2022.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 5,220,000	\$ 1,970,850
2024	5,435,000	1,751,750
2025	4,335,000	1,523,850
2026	4,020,000	1,345,650
2027	3,980,000	1,184,750
2028	4,120,000	1,044,925
2029	4,255,000	900,075
2030	2,870,000	750,400
2031	2,440,000	656,775
2032	2,520,000	580,975
2033	2,620,000	482,875
2034	2,720,000	380,875
2035	2,825,000	274,975
2036	2,935,000	164,975
2037	645,000	49,125
2038	665,000	24,938
TOTAL	<u>\$ 51,605,000</u>	<u>\$ 13,087,763</u>

d. Legal Debt Margin

The Village is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

e. Asset Retirement Obligations

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells is 30 years. The Village had \$1,050,000 in asset retirement obligations and \$910,000 in deferred outflows as of December 31, 2022.

8. CONTINGENT LIABILITIES

a. 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.

b. 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, constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

c. Northwest Water Commission

The Village's water purchase contract with the Northwest Water Commission (NWWC) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

d. Solid Waste Agency of Northern Cook County

The Village's contract with the Solid Waste Agency of Northern Cook County (SWANCC) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

9. ECONOMIC INCENTIVES/TAX ABATEMENTS

The Village participates in Cook County's Class 6b property tax incentive program. The purpose of the Class 6b program is to encourage industrial development throughout Cook County by offering a real estate tax incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. The goal of the Class 6b program is to attract new industry, stimulate expansion and retention of existing industry, and increase employment opportunities.

Under the incentive provided by Class 6b, qualifying industrial real estate is eligible for the Class 6b level of assessment from the date that new construction or substantial rehabilitation is completed and initially assessed or, in the case of abandoned property, from the date of substantial re-occupancy. Properties receiving a Class 6b incentive are assessed at 10% of market value for the first ten years, 15% in the 11th year, and 20% in the 12th and final year of the incentive. This constitutes a substantial reduction in the level of assessment and results in significant tax savings. In the absence of this incentive, industrial real estate would normally be assessed at 25% of its market value.

The Village has granted Class 6b incentives to businesses that, as a result, have occupied abandoned properties, constructed new buildings, or expanded existing facilities. In many instances, the program has produced more property tax revenue for the Village and the other impacted taxing districts than would have been generated if the development had not occurred.

The Village's share of the abatement granted to the Class 6b properties was \$333,312 for the fiscal year ended December 31, 2022.

The Village has entered into various economic incentive agreements with companies to rebate sales taxes. As of December 31, 2022, the Village has three active agreements with local businesses. The agreements require the Village to rebate to the companies varying amounts of sales tax generated by the facilities. The first agreement requires 33 1/3% of municipal sales tax to be rebated in annual installments through May 31, 2023 or until a total of \$2,250,000 has been paid. The second agreement requires 33 1/3% of municipal sales tax to be rebated in annual installments through August 31, 2025, or until a total of \$2,500,000 has been paid. The third agreement requires 50% of the incremental municipal sales tax generated by the company to be rebated in annual installments through January 18, 2023. The amount paid for the fiscal year ended December 31, 2022, was \$325,273. A total of \$3,745,738 has been rebated to date under active agreements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. COMMITMENTS

a. Northwest Water Commission

The Village has committed to purchase water from NWWC. The Village expects to pay the following minimum amounts:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 3,958,974
2024	4,057,948
2025	4,159,396
2026	4,263,381
2027	4,369,966
2028	4,479,215

These amounts have been calculated using the Village's current allocation percentage of 36.42%. In future years, this allocation percentage will be subject to change.

NWWC has entered into water supply agreements with four member municipalities. The agreements are irrevocable and may not be terminated or amended except as provided in the general resolution. 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.

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

b. Solid Waste Agency of Northern Cook County

The Village has committed to pay its share of the annual operating costs and fixed costs of SWANCC. The Village's share of dual costs is funded through user fees collected by refuse haulers. The Village expects to pay the following amounts:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,434,992
2024	1,747,036
2025	1,861,082
2026	1,903,301
2027	1,983,480

These amounts have been calculated using the Village's allocation percentage of 3.96%. In future years, the allocation percentage will be subject to change.

11. JOINT VENTURES

a. Solid Waste Agency of Northern Cook County

The Village is a member of SWANCC which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. 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 the Mayor or President 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, provides for the issuance of debt, 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.

Complete financial statements can be obtained from the Solid Waste Agency of Northern Cook County administrative office at the Village of Arlington Heights Public Works Building at 77 W. Hintz Road, Arlington Heights, Illinois 60090 or online at www.swancc.org.

SWANCC's outstanding 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. The bonds are not the debt of any member. SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges, 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 for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to 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 the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

11. JOINT VENTURES (Continued)

a. Solid Waste Agency of Northern Cook County (Continued)

In accordance with the contract, the Village made payments totaling \$1,659,483 to SWANCC for the year ended December 31, 2022. The payments have been recorded in the Solid Waste Fund. The Village does not have an equity interest in SWANCC at December 31, 2022.

b. Northwest Water Commission

Description of Joint Venture

The Village is a member of NWWC, which consists of four municipalities. NWWC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. NWWC is empowered to plan, construct, improve, extend, acquire, finance, operate, and maintain a water supply system to serve its members and other potential water purchasers.

NWWC is governed by a Board of Commissioners which consists of one appointed representative 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, provides for the issuance of debt, 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.

Complete financial statements can be obtained from the Northwest Water Commission, 1525 North Wolf Road, Des Plaines, Illinois 60016.

Revenues of the system consist of (1) all receipts derived from the Water Supply Agreements or any other contract for the supply of water; (2) all income derived from the investment of monies; and (3) all income, fees, water service charges, and all grants, 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 obligations.

NWWC has entered into water supply agreements with the four member municipalities for a term of 40 years, extending to 2022. The agreements are irrevocable and may not be terminated or amended except as provided for in the General Resolution. 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 (the City) under which the City has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2035.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. JOINT VENTURES (Continued)

b. Northwest Water Commission (Continued)

The obligation of the Village to make payments required by this agreement is payable from the Village's Water and Sewer Fund.

In accordance with the joint venture agreement, the Village remitted \$4,177,840 to NWWC for the year ended December 31, 2022. The Village has an equity interest in NWWC in the amount of \$19,037,399 as of December 31, 2022.

12. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Individual fund interfund receivables/payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental (CDBG)	\$ 200,001
Nonmajor Governmental (Parking)	General	500,000
Capital Projects	General	100,000
Water and Sewer	General	1,200,000
Nonmajor Enterprise (Lead Service)	General	3,000,000
Internal Service	General	2,000,000
Police Pension	General	2,888,345
Fire Pension	General	3,058,216
TOTAL		\$ 12,946,562

The purposes of significant due from/due to other funds are as follows:

- \$200,001 due from Nonmajor Governmental Funds (CDBG) to the General Fund is for a short-term loan. Repayment is expected within one year.
- \$2,888,345 due from the General Fund to the Police Pension Fund for property taxes received in 2023 related to 2022 and market decline.
- \$3,058,216 due from the General Fund to the Fire Pension Fund for property taxes received in 2023 related to 2022 and market decline.
- \$1,200,000 due from the General Fund to the Water and Sewer Fund for capital projects.
- \$3,000,000 due from the General Fund to Nonmajor Enterprise (Lead Service Line Replacement Fund) for capital projects.
- \$2,000,000 due from the General Fund to Internal Service (Fleet Operations Fund) for vehicle replacements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Interfund Transfers

Interfund transfers between funds for the year ended December 31, 2022 were as follows:

	Transfers In	Transfers Out
General		
Capital projects	\$ -	\$ 100,000
Water and sewer	-	1,200,000
Internal service	-	2,000,000
Nonmajor governmental	-	500,000
Nonmajor enterprise	200,000	3,000,000
Total General	200,000	6,800,000
Debt Service		
Nonmajor governmental	693,300	-
Total Debt Service	693,300	-
Capital Projects		
General	100,000	-
Internal service	-	2,500,000
Nonmajor enterprise	300,000	-
Total Capital Projects	400,000	2,500,000
Water and Sewer		
General	1,200,000	-
Total Water and Sewer	1,200,000	-
Nonmajor Governmental		
General	500,000	-
Debt service	-	693,300
Total Nonmajor Governmental	500,000	693,300
Nonmajor Enterprise		
General	3,000,000	200,000
Capital projects	-	300,000
Total Nonmajor Enterprise	3,000,000	500,000
Internal Service		
General	2,000,000	-
Capital projects	2,500,000	-
Total Internal Service	4,500,000	-
TOTAL	\$ 10,493,300	\$ 10,493,300

12. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Interfund Transfers (Continued)

The purpose of significant transfers is as follows:

- \$693,300 transferred to the Debt Service Fund from the Nonmajor Governmental Funds (Storm Water Control) for bond payments. This transfer will not be repaid.
- \$2,500,000 transferred from the Capital Projects Fund to the Internal Service Fund (Fleet Operations) to fund capital purchases. This transfer will not be repaid.
- \$2,000,000 transferred from the General Fund to the Internal Service Fund (Fleet Operations) to fund capital purchases. This transfer will not be repaid.
- \$3,000,000 transferred from the General Fund to the Nonmajor Enterprise Funds (Lead Service Line Replacement Fund) to fund lead service line replacement projects. This transfer will not be repaid.
- \$1,200,000 transferred from the General Fund to the Water and Sewer Fund to fund capital projects. This transfer will not be repaid.

13. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the Village's lessor activity is as follows:

The Village entered into a lease arrangement on September 1, 2019, to lease tower space. Payments ranging from \$2,400 to \$3,063 are due to the Village in monthly installments, through August 2049. The lease agreement is noncancelable and maintains an interest rate of 1.50%. During the fiscal year, the Village collected \$28,800 and recognized a \$26,684 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement are \$719,618 and \$711,577, respectively, as of December 31, 2022.

The Village entered into a lease arrangement on September 1, 2013, to lease tower space. Payments ranging from \$2,283 to \$4,124 are due to the Village in monthly installments, through December 2042. The lease agreement is noncancelable and maintains an interest rate of 1.40%. During the fiscal year, the Village collected \$27,400 and recognized a \$32,006 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement are \$653,123 and \$640,110, respectively, as of December 31, 2022.

13. LESSOR DISCLOSURES (Continued)

The Village entered into a lease arrangement on January 1, 2021, to lease space. Payments ranging from \$300 to \$473 are due to the Village in monthly installments, through December 2030. The lease agreement is noncancelable and maintains an interest rate of 1.055%. During the fiscal year, the Village collected \$2,400 and recognized a \$4,761 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement are \$40,447 and \$38,086, respectively, as of December 31, 2022.

The Village entered into a lease arrangement on May 1, 2010, to lease space. Payments ranging from \$758 to \$47,425 are due to the Village in monthly installments, through April 2033. The lease agreement is noncancelable and maintains an interest rate of 1.117%. During the fiscal year, the Village collected \$285,358 and recognized a \$145,559 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement are \$1,379,565 and \$1,504,108, respectively, as of December 31, 2022.

14. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care and life insurance benefits (OPEB) for 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.

b. Benefits Provided

The Village provides postemployment health care and life insurance benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. All health care benefits are provided through the Village's health insurance plans. 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 age 65 years, Medicare becomes the primary insurer and the Village's plan becomes secondary. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At December 31, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	83
Terminated employees entitled to benefits but not yet receiving them	-
Duty disabled participants	16
Active employees	<u>384</u>
 TOTAL	 <u><u>483</u></u>
 Participating employers	 <u><u>1</u></u>

d. Total OPEB Liability

The Village's total OPEB liability of \$26,110,808 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Salary Increases	3.00%
Discount rate	4.05%
Healthcare cost trend rates	6.75% Initial 4.50% Ultimate

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2022	<u>\$ 28,136,875</u>
Changes for the period	
Service cost	844,877
Interest	506,620
Benefit changes	-
Differences between expected and actual experience	(346,840)
Assumption changes*	(1,824,294)
Benefit payments	<u>(1,206,430)</u>
Net changes	<u>(2,026,067)</u>
BALANCES AT DECEMBER 31, 2022	<u><u>\$ 26,110,808</u></u>

*There were changes in assumptions related to the discount rate and health care cost trend rates in 2022.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 4.05% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	\$ 28,999,957	\$ 26,110,808	\$ 23,649,683

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 6.75% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Healthcare Rate (6.75%)	1% Increase (7.75%)
Total OPEB liability	\$ 23,121,543	\$ 26,110,808	\$ 29,751,126

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Village recognized OPEB expense of \$1,981,939. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,500,444	\$ 3,052,748
Changes in assumptions	3,668,414	1,962,695
TOTAL	<u>\$ 5,168,858</u>	<u>\$ 5,015,443</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ 630,442
2024	630,442
2025	275,421
2026	(277,210)
2027	(292,783)
Thereafter	<u>(812,897)</u>
TOTAL	<u>\$ 153,415</u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system (cost-sharing plan); the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by ILCS and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org. The Police and Firefighters' Pension Plans do not issue separate reports.

The table below is a summary for all pension plans as of and for the year ended December 31, 2022:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability (asset)	\$ (15,148,152)	\$ 48,350,494	\$ 62,061,151	\$ 95,263,493
Deferred outflows of resources	3,462,291	24,751,712	25,128,174	53,342,177
Deferred inflows of resources	20,517,579	1,466,216	1,075,913	23,059,708
Pension expense (income)	(3,040,715)	6,502,635	10,293,676	13,755,596

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police and Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2021, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	503
Inactive employees entitled to but not yet receiving benefits	229
Active employees	<u>379</u>
 TOTAL	 <u><u>1,111</u></u>

The IMRF data included in the table above includes membership of both the Village and the Arlington Heights Memorial Library (the Library).

Benefits Provided

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The actual and required employer contribution for the year ended December 31, 2022, was 11.64% of covered payroll.

Actuarial Assumptions

The Village's net pension liability (asset) was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Cost of living adjustments	3.25%
Asset valuation method	Fair value

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2020, was 7.25%. 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 the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2021	\$ 202,167,229	\$ 202,106,820	\$ 60,409
Changes for the period			
Service cost	2,598,026	-	2,598,026
Interest	14,331,584	-	14,331,584
Difference between expected and actual experience	(337,238)	-	(337,238)
Changes in assumptions	-	-	-
Employer contributions	-	3,428,023	(3,428,023)
Employee contributions	-	1,230,154	(1,230,154)
Net investment income	-	34,374,924	(34,374,924)
Benefit payments and refunds	(11,578,443)	(11,578,443)	-
Other (net transfer)	-	(1,866,986)	1,866,986
Net changes	5,013,929	25,587,672	(20,573,743)
BALANCES AT DECEMBER 31, 2021	\$ 207,181,158	\$ 227,694,492	\$ (20,513,334)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

The table presented above includes amounts for both the Village and the Library. The Village's collective shares of the net pension liability at January 1, 2021 the employer contributions, and the net pension liability (asset) at December 31, 2021, were \$44,609, \$2,415,017, and \$(15,148,152), respectively. The Library's collective shares of the net pension liability at January 1, 2021, the employer contributions, and the net pension liability (asset) at December 31, 2021, were \$15,800, \$852,673, and \$(5,365,182), respectively.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the Village recognized pension income of \$3,040,715.

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,011,477	\$ 174,842
Changes in assumption	-	559,096
Net difference between projected and actual earnings on pension plan investments	-	19,783,641
Employer contributions subsequent to the measurement date	2,450,814	-
TOTAL	\$ 3,462,291	\$ 20,517,579

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

\$2,450,814 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ (4,028,917)
2024	(7,620,479)
2025	(4,896,878)
2026	<u>(2,959,828)</u>
 TOTAL	 <u><u>\$ (19,506,102)</u></u>

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 7.25% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) (Village)	\$ 2,119,303	\$ (15,148,152)	\$ (29,044,477)
Net pension liability (asset) (Library)	<u>750,616</u>	<u>(5,365,182)</u>	<u>(10,286,992)</u>
Net pension liability (asset) (Total)	<u><u>\$ 2,869,919</u></u>	<u><u>\$ (20,513,334)</u></u>	<u><u>\$ (39,331,469)</u></u>

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and 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 plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees 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, 2022, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	124
Inactive plan members entitled to but not Yet receiving benefits	12
Active plan members	<u>107</u>
TOTAL	<u><u>243</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half 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 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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 2.50% of salary for each year of service. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or 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 officers' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ 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% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS 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. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. The Village has chosen a policy to fund 100% of the past service costs by 2040. For the year ended December 31, 2022, the Village's contribution was 33.36% of covered payroll.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds, and The Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities, and real estate investment trusts. The investment policy was not modified during the year ended December 31, 2022.

The Fund's investment policy, in accordance with ILCS, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	33%	1.00% to 4.20%
Domestic equities	5% to 52%	5.30% to 5.50%
International equities	5%	7.20% to 7.50%
Real estate	3%	4.20%
Cash and cash equivalents	0%	(0.20%)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

The overall target for the Fund is approximately 35% invested in fixed income securities and 65% invested in equity securities. The long-term expected real rates of return are net of a 2.60% factor for inflation and investment expense. ILCS limits 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.

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 February 2019 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, 2022, are listed in the table on the previous page.

Investment Concentrations

There are no significant investments (other than U.S. agency securities) in any one organization that represent 5% or more of the Fund's investments.

Investment Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.52%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 29,746,388	\$ 1,405,263	\$ 23,183,289	\$ 5,157,836	\$ -
U.S. agency obligations	627,259	-	271,551	171,608	184,100
Corporate bonds	15,646,669	162,071	12,030,645	3,035,606	418,347
Municipal bonds	727,372	269,708	364,346	-	93,318
TOTAL	\$ 46,747,688	\$ 1,837,042	\$ 35,849,831	\$ 8,365,050	\$ 695,765

The Fund has the following recurring fair value measurements as of December 31, 2022: the U.S. agency obligations, corporate bonds, and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs). The U.S. Treasury obligations, equities, and mutual funds use Level 1 inputs.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Fund's investment policy does not address the management of credit risk other than to limit investments to those allowed by state statutes. The Fund limits its exposure to credit risk by primarily investing in U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. The money market mutual funds are not rated. The Illinois Funds are rated AAA. The U.S. agency obligations are not rated by Standard and Poor's. The municipal bonds are rated AAA to A+ and corporate bonds range in rating from AAA to BBB- by Standard and Poor's.

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party.

To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2022 was 6.75%. 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 the Village contributions will be made at rates equal to the difference between 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 projected future benefit payments of current plan members.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2022	\$ 199,539,605	\$ 185,773,936	\$ 13,765,669
Changes for the period			
Service cost	3,092,823	-	3,092,823
Interest	13,092,468	-	13,092,468
Difference between expected and actual experience	4,680,826	-	4,680,826
Changes in assumptions	(1,767,196)	-	(1,767,196)
Changes in benefit terms	-	-	-
Employer contributions	-	6,114,000	(6,114,000)
Employee contributions	-	1,224,154	(1,224,154)
Other contributions	-	873,309	(873,309)
Net investment income	-	(23,697,367)	23,697,367
Benefit payments and refunds	(10,296,202)	(10,296,202)	-
Administrative expense	(31,926)	(31,926)	-
Net changes	8,770,793	(25,814,032)	34,584,825
BALANCES AT DECEMBER 31, 2022	\$ 208,310,398	\$ 159,959,904	\$ 48,350,494

There were changes with respect to actuarial assumptions in the current year related to the mortality improvement rates.

As of December 31, 2022, the plan fiduciary net position as a percentage of the total pension liability was 76.79% on a market basis.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	Graded by years of service
Interest rate	6.75%
Cost of living adjustments	3.00% (Tier 1) 3.00% (Tier 2)
Asset valuation method	Fair value

Mortality assumptions were based upon the PubS-2010 Base Rates projected to 2022 with Scale MP2021.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 77,198,114	\$ 48,350,494	\$ (24,783,916)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the Village recognized pension expense of \$6,502,635. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,097,723	\$ -
Changes in assumptions	5,096,603	1,466,216
Net difference between projected and actual earnings on pension plan investments	12,557,386	-
TOTAL	\$ 24,751,712	\$ 1,466,216

Changes in the net pension liability related to the difference in actual and expected experience or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ 2,236,597
2024	5,529,635
2025	6,947,647
2026	8,326,097
2027	245,520
Thereafter	-
TOTAL	\$ 23,285,496

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

Firefighter sworn personnel are covered by the Firefighters' Pension Plan, a single-employer defined benefit pension plan sponsored by the Village. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village President, one member is elected by pension beneficiaries, and two members are elected by active firefighter employees.

Plan Membership

At December 31, 2022, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	110
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>107</u>
TOTAL	<u><u>220</u></u>

Benefits Provided

The following is a summary of benefits of the plan as provided for in ILCS:

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or 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.

Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ 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 firefighter 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% or $\frac{1}{2}$ 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 fewer than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Firefighters' Pension Plan. The costs of administering the Firefighters' Pension Plan are financed through investment earnings. The Village is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Firefighters' Pension Plan. The Village has chosen a policy to fund 100% of the past service costs by 2040. For the year ended December 31, 2022, the Village's contribution was 39.89% of covered payroll.

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Illinois Firefighters' Pension Investment Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory.

Deposits with Financial Institutions

The plan retains all of its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the plan.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires that any funds deposited directly in financial institutions should be made with fully federally insured financial institutions and that any deposits in excess of FDIC insurance should be collateralized at 110% of the fair market value of the deposits. The collateral will be held in a safekeeping by a third party and evidenced by a written agreement.

Investments

Investments of the plan are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report as of June 30, 2022. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org.

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Fair Value Measurement

The plan categorizes fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. The Plan held no investments subject to fair value measurement at December 31, 2022.

Net Asset Value

The Net Asset Value (NAV) of the plan's pooled investment in IFPIF was \$120,136,304 at December 31, 2022. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at December 31, 2022. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

Investment Policy

IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by ILCS. The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Investment Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2022, was 6.75%. 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 the Village contributions will be made at rates equal to the difference between 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 projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2022	\$ 179,441,271	\$ 149,361,460	\$ 30,079,811
Changes for the period			
Service cost	4,066,105	-	4,066,105
Interest	11,801,187	-	11,801,187
Difference between expected and actual experience	2,063,546	-	2,063,546
Changes in assumptions	805,981	-	805,981
Changes in benefit terms	-	-	-
Employer contributions	-	6,962,000	(6,962,000)
Employee contributions	-	1,168,906	(1,168,906)
Other contributions	-	-	-
Net investment income	-	(21,375,427)	21,375,427
Benefit payments and refunds	(8,508,695)	(8,508,695)	-
Administrative expense	(129,528)	(129,528)	-
Net changes	10,098,596	(21,882,744)	31,981,340
BALANCES AT DECEMBER 31, 2022	\$ 189,539,867	\$ 127,478,716	\$ 62,061,151

There were changes in mortality rates from the prior year.

As of December 31, 2022, the plan fiduciary net position as a percentage of the total pension liability was 67.26% on a market basis.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	Graded by years of service
Interest rate	6.75%
Cost of living adjustments	3.00% (Tier 1) 3.00% (Tier 2)
Asset valuation method	Fair value

Mortality assumptions were based upon the PubS-2010 base rates projected to 2022 with Scale MP2021.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 87,812,557	\$ 62,061,151	\$ 40,936,685

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the Village recognized pension expense of \$10,293,676. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,095,442	\$ 988,071
Changes in assumption	5,531,894	87,842
Net difference between projected and actual earnings on pension plan investments	17,500,838	-
TOTAL	\$ 25,128,174	\$ 1,075,913

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighters' pension will be recognized in pension expense as follows:

Year Ending December 31,	
2023	\$ 3,768,943
2024	6,190,151
2025	7,314,631
2026	6,778,536
2027	-
Thereafter	-
TOTAL	\$ 24,052,261

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

b. Fiduciary Funds Summary Financial Information

The following is summary financial information for the Police Pension Plan and the Firefighters' Pension Plan.

Statement of Net Position

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 6,890,262	\$ 4,314,748	\$ 11,205,010
Investments			
U.S. Government and			
U.S. agency obligations	30,373,647	-	30,373,647
Equity securities	35,450,827	-	35,450,827
Mutual funds	67,677,837	-	67,677,837
Corporate bonds	15,646,669	-	15,646,669
Municipal bonds	727,372	-	727,372
Investments held in the			
Illinois Firefighters'			
Pension Investment Fund	-	120,136,304	120,136,304
Receivables			
Accrued interest	345,478	-	345,478
Other	98,076	-	98,076
Due from other funds	2,888,345	3,058,216	5,946,561
Total assets	160,098,513	127,509,268	287,607,781
LIABILITIES			
Accounts payable	116,497	30,552	147,049
Deferred revenue	22,112	-	22,112
Total liabilities	138,609	30,552	169,161
NET POSITION			
	\$ 159,959,904	\$ 127,478,716	\$ 287,438,620

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. DEFINED BENEFIT PENSION PLANS (Continued)

b. Fiduciary Funds Summary Financial Information (Continued)

Schedule of Changes in Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 6,114,000	\$ 6,962,000	\$ 13,076,000
Employee	1,224,154	1,168,906	2,393,060
Other	873,309	-	873,309
Total contributions	8,211,463	8,130,906	16,342,369
Invest income			
Net (depreciation) in fair value of investments	(26,442,944)	(22,206,916)	(48,649,860)
Interest income	3,123,746	905,769	4,029,515
Less investment expense	(378,169)	(74,280)	(452,449)
Net investment income	(23,697,367)	(21,375,427)	(45,072,794)
Total additions	(15,485,904)	(13,244,521)	(28,730,425)
DEDUCTIONS			
Administrative	31,926	129,528	161,454
Pension benefits and refunds	10,296,202	8,508,695	18,804,897
Total deductions	10,328,128	8,638,223	18,966,351
NET (DECREASE)	(25,814,032)	(21,882,744)	(47,696,776)
NET POSITION RESTRICTED FOR PENSIONS			
January 1	185,773,936	149,361,460	335,135,396
December 31	\$ 159,959,904	\$ 127,478,716	\$ 287,438,620

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2022

	2022		
	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 26,167,300	\$ 26,167,300	\$ 26,031,815
Other taxes	15,294,200	15,294,200	17,059,788
Licenses and permits	4,177,000	4,177,000	4,252,704
Intergovernmental	26,549,000	26,549,000	33,454,554
Grants	388,000	615,104	719,929
Charges for services	17,000	17,000	32,940
Fines and fees	5,697,100	5,697,100	7,274,305
Investment income	160,000	160,000	478,594
Miscellaneous	483,100	483,100	702,986
Total revenues	78,932,700	79,159,804	90,007,615
EXPENDITURES			
Current			
General government	5,354,300	5,354,300	5,020,397
Public safety	52,546,200	52,842,868	56,116,876
Highways and streets	13,810,900	13,917,134	13,473,529
Community development	4,890,600	4,948,616	4,579,223
Health and welfare	2,530,700	2,531,623	2,356,962
Total expenditures	79,132,700	79,594,541	81,546,987
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(200,000)	(434,737)	8,460,628
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	200,000	200,000
Transfers (out)	-	-	(6,800,000)
Total other financing sources (uses)	200,000	200,000	(6,600,000)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (234,737)</u>	1,860,628
FUND BALANCE, JANUARY 1			<u>30,658,265</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 32,518,893</u></u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Eight Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018*	2019	2020	2021	2022
Actuarially determined contribution	\$ 3,159,698	\$ 3,257,572	\$ 3,170,250	\$ 2,473,709	\$ 2,023,617	\$ 2,619,117	\$ 2,132,099	\$ 2,199,349
Contributions in relation to the actuarially determined contribution	3,159,698	3,257,572	3,170,250	2,473,709	2,023,617	2,619,117	2,132,099	2,199,349
Additional contributions	8,776	-	-	4,069	-	-	437,112	251,465
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (8,776)	\$ -	\$ -	\$ (4,069)	\$ -	\$ -	\$ (437,112)	\$ (251,465)
Covered payroll	\$ 24,380,386	\$ 24,924,034	\$ 25,690,842	\$ 19,447,399	\$ 20,055,727	\$ 20,735,143	\$ 20,200,789	\$ 21,050,942
Contributions as a percentage of covered payroll	13.00%	13.07%	12.34%	12.74%	10.09%	12.63%	12.72%	11.64%

Notes to the Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 22 years; the asset valuation method was five-year smoothed fair value; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually and postretirement benefit increases of 3.25% compounded annually.

*Beginning December 31, 2018, the information above is presented for the Village only. Prior years include the Library information.

Ultimately, this schedule should present return information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED	4/30/2014	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Actuarially determined contribution	\$ 4,136,305	\$ 4,222,683	\$ 4,432,000	\$ 2,779,725	\$ 3,839,961	\$ 3,878,094	\$ 4,016,824	\$ 4,108,483	\$ 4,072,578	\$ 3,757,141
Contributions in relation to the actuarially determined contribution	4,330,880	4,529,400	4,500,000	4,500,000	3,994,000	5,379,000	4,017,000	4,209,000	4,073,000	4,114,000
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (194,575)	\$ (306,717)	\$ (68,000)	\$ (1,720,275)	\$ (154,039)	\$ (1,500,906)	\$ (176)	\$ (100,517)	\$ (422)	\$ (356,859)
Additional contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,250,000	\$ -	\$ 2,000,000
Covered payroll	\$ 9,938,967	\$ 9,938,967	\$ 10,381,979	\$ 10,722,080	\$ 10,917,682	\$ 11,153,797	\$ 11,316,038	\$ 11,175,270	\$ 11,733,708	\$ 12,332,522
Contributions as a percentage of covered payroll	43.57%	45.57%	43.34%	41.97%	36.58%	48.23%	35.50%	37.66%	34.71%	33.36%

Notes to the required supplementary information

Actuarial cost method	Entry-age normal
Amortization method	Level % of pay (closed)
Remaining amortization period	18 years
Asset valuation method	Three-year smoothed fair value
Inflation	2.50%
Salary increases	Graded by years of service
Investment rate of return	6.75%
Retirement age	Graded by age (14% at age 50 to 100% at age 65)
Mortality	PubS-2010 base rates projected to 2023 with Scale MP2021

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED	4/30/2014	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Actuarially determined contribution	\$ 4,588,979	\$ 4,771,232	\$ 5,055,378	\$ 3,235,984	\$ 4,734,724	\$ 4,852,647	\$ 4,952,007	\$ 5,030,110	\$ 4,912,161	\$ 5,255,147
Contributions in relation to the actuarially determined contribution	4,701,000	5,007,300	5,057,400	5,100,000	4,889,000	6,353,000	4,953,000	5,130,000	4,913,000	4,962,000
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (112,021)	\$ (236,068)	\$ (2,022)	\$ (1,864,016)	\$ (154,276)	\$ (1,500,353)	\$ (993)	\$ (99,890)	\$ (839)	\$ 293,147
Additional contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,250,000	\$ -	\$ 2,000,000
Covered payroll	\$ 10,022,659	\$ 10,022,659	\$ 10,617,314	\$ 10,623,394	\$ 10,874,876	\$ 11,626,566	\$ 11,281,241	\$ 11,851,132	\$ 12,133,125	\$ 12,439,265
Contributions as a percentage of covered payroll	46.90%	49.96%	47.63%	48.01%	44.96%	54.64%	43.90%	43.29%	40.49%	39.89%

Notes to the required supplementary information

Actuarial cost method	Entry-age normal
Amortization method	Level % of pay (closed)
Remaining amortization period	18 years
Asset valuation method	Three-year smoothed fair value
Inflation	2.50%
Salary increases	Graded by years of service
Investment rate of return	6.75%
Retirement age	Graded by age (10% at age 50 to 100% at age 65)
Mortality	PubS-2010 base rates projected to 2023 with Scale MP2021

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Nine Fiscal Years

MEASUREMENT DATE	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
TOTAL PENSION LIABILITY									
Service cost	\$ 3,248,450	\$ 1,989,231	\$ 2,940,458	\$ 2,941,583	\$ 2,931,782	\$ 3,057,662	\$ 3,224,894	\$ 2,907,221	\$ 3,092,823
Interest	9,147,568	6,520,521	9,907,311	10,273,549	10,728,873	11,029,601	11,492,531	11,947,829	13,092,468
Changes in benefit terms	-	-	-	-	-	(15,185)	-	-	-
Differences between expected and actual experience	325,542	(1,044,681)	(1,217,235)	495,807	(3,899,982)	1,459,100	1,302,495	3,979,655	4,680,826
Changes of assumptions	3,089,627	-	236,267	(712,451)	2,333,982	(107,864)	98,722	8,179,515	(1,767,196)
Benefit payments, including refunds and member contributions	(5,421,571)	(3,835,374)	(6,053,746)	(6,607,121)	(7,136,881)	(8,064,669)	(8,919,945)	(9,658,478)	(10,296,202)
Administrative expense	-	-	-	-	-	(37,141)	(53,509)	(52,684)	(31,926)
Net change in total pension liability	10,389,616	3,629,697	5,813,055	6,391,367	4,957,774	7,321,504	7,145,188	17,303,058	8,770,793
Total pension liability - beginning	136,588,346	146,977,962	150,607,659	156,420,714	162,812,081	167,769,855	175,091,359	182,236,547	199,539,605
TOTAL PENSION LIABILITY - ENDING	\$ 146,977,962	\$ 150,607,659	\$ 156,420,714	\$ 162,812,081	\$ 167,769,855	\$ 175,091,359	\$ 182,236,547	\$ 199,539,605	\$ 208,310,398
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 4,529,400	\$ 4,500,000	\$ 4,500,000	\$ 3,994,000	\$ 5,379,000	\$ 5,267,000	\$ 4,209,000	\$ 4,073,000	\$ 6,114,000
Contributions - member	986,380	691,981	1,036,023	1,151,412	1,144,554	1,304,981	1,210,559	1,146,864	1,224,154
Contributions - other	276,199	4,776	355,856	1,127	11,828	5,650	748	530,584	873,309
Net investment income	7,837,174	(1,016,522)	6,685,207	17,098,096	(6,034,752)	26,104,148	18,366,519	26,574,971	(23,697,367)
Benefit payments, including refunds of member contributions	(5,421,571)	(3,835,374)	(6,053,746)	(6,607,121)	(7,136,881)	(8,064,669)	(8,919,945)	(9,658,478)	(10,296,202)
Administrative expense	(32,090)	(27,218)	(37,365)	(43,276)	(34,640)	(37,166)	(53,509)	(52,684)	(31,926)
Net change in plan fiduciary net position	8,175,492	317,643	6,485,975	15,594,238	(6,670,891)	24,579,944	14,813,372	22,614,257	(25,814,032)
Plan fiduciary net position - beginning	99,863,906	108,039,398	108,357,041	114,843,016	130,437,254	123,766,363	148,346,307	163,159,679	185,773,936
PLAN FIDUCIARY NET POSITION - ENDING	\$ 108,039,398	\$ 108,357,041	\$ 114,843,016	\$ 130,437,254	\$ 123,766,363	\$ 148,346,307	\$ 163,159,679	\$ 185,773,936	\$ 159,959,904
EMPLOYER'S NET PENSION LIABILITY	\$ 38,938,564	\$ 42,250,618	\$ 41,577,698	\$ 32,374,827	\$ 44,003,492	\$ 26,745,052	\$ 19,076,868	\$ 13,765,669	\$ 48,350,494

MEASUREMENT DATE	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Plan fiduciary net position as a percentage of the total pension liability	73.51%	71.95%	73.42%	80.12%	73.77%	84.73%	89.53%	93.10%	76.79%
Covered payroll	\$ 9,938,967	\$ 10,381,979	\$ 10,722,080	\$ 10,917,682	\$ 11,153,797	\$ 11,316,038	\$ 11,175,270	\$ 11,733,708	\$ 12,332,522
Employer's net pension liability as a percentage of covered payroll	391.80%	407.00%	387.80%	296.50%	394.50%	236.30%	170.70%	117.30%	392.10%

Notes to Required Supplementary Information

Year Ended December 31, 2022 - There were change in mortality rates from the prior year.

Year Ended December 31, 2021 - There were change in mortality rates from the prior year.

Year Ended December 31, 2020 - There were change in mortality rates from the prior year.

Year Ended December 31, 2019 - There were change in mortality rates. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

Year Ended December 31, 2018 - There were change in mortality rates from the prior year.

Year Ended December 31, 2017 - There were change in the retirement rates and termination rates.

Year Ended December 31, 2016 - Change in assumptions related to marital status rates and termination rates.

Year Ended April 30, 2015 - There were change in the actuarial cost method from projected unit credit to entry age normal.

Ultimately, this schedule should present return information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

Last Nine Fiscal Years

MEASUREMENT DATE	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
TOTAL PENSION LIABILITY									
Service cost	\$ 3,320,273	\$ 2,190,940	\$ 3,459,315	\$ 3,419,246	\$ 3,524,860	\$ 3,677,732	\$ 3,703,881	\$ 3,758,807	\$ 4,066,105
Investment income	8,688,821	6,058,901	9,234,329	9,618,402	9,793,838	10,133,648	10,454,457	10,772,140	11,801,187
Changes in benefit terms	-	-	-	-	-	(140,839)	-	-	-
Differences between expected and actual experience	(1,433,511)	1,574	(1,336,382)	(2,422,578)	(843,543)	(1,350,024)	(1,740,361)	780,407	2,063,546
Changes of assumptions	2,059,344	-	228,889	(1,287,282)	(832,861)	(113,594)	99,604	8,242,761	805,981
Benefit payments, including refunds and member contributions	(5,795,896)	(3,946,419)	(6,222,695)	(6,552,552)	(6,832,215)	(7,210,277)	(7,617,823)	(7,913,187)	(8,508,695)
Administrative expense	-	-	-	-	-	(28,405)	(28,116)	(73,219)	(129,528)
Net change in total pension liability	6,839,031	4,304,996	5,363,456	2,775,236	4,810,079	4,968,241	4,871,642	15,567,709	10,098,596
Total pension liability - beginning	129,940,881	136,779,912	141,084,908	146,448,364	149,223,600	154,033,679	159,001,920	163,873,562	179,441,271
TOTAL PENSION LIABILITY - ENDING	\$ 136,779,912	\$ 141,084,908	\$ 146,448,364	\$ 149,223,600	\$ 154,033,679	\$ 159,001,920	\$ 163,873,562	\$ 179,441,271	\$ 189,539,867
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 5,007,300	\$ 5,057,400	\$ 5,100,000	\$ 4,889,000	\$ 6,353,000	\$ 6,203,000	\$ 5,130,000	\$ 4,913,000	\$ 6,962,000
Contributions - member	967,685	689,993	989,862	1,021,422	1,065,390	1,097,478	1,141,126	1,145,403	1,168,906
Contributions - other	1,451	21,628	20	5,406	641	1,299	6,208	94,381	-
Net investment income	6,263,908	(2,559,246)	6,915,387	12,680,482	(3,662,611)	17,090,656	13,683,719	14,996,271	(21,375,427)
Benefit payments, including refunds of member contributions	(5,795,897)	(3,946,419)	(6,222,695)	(6,552,552)	(6,832,215)	(7,210,277)	(7,617,823)	(7,913,187)	(8,508,695)
Administrative expense	(35,679)	(62,395)	(62,158)	(27,283)	(28,953)	(28,405)	(28,116)	(73,219)	(129,528)
Net change in plan fiduciary net position	6,408,768	(799,039)	6,720,416	12,016,475	(3,104,748)	17,153,751	12,315,114	13,162,649	(21,882,744)
Plan fiduciary net position - beginning	85,488,074	91,896,842	91,097,803	97,818,219	109,834,694	106,729,946	123,883,697	136,198,811	149,361,460
PLAN FIDUCIARY NET POSITION - ENDING	\$ 91,896,842	\$ 91,097,803	\$ 97,818,219	\$ 109,834,694	\$ 106,729,946	\$ 123,883,697	\$ 136,198,811	\$ 149,361,460	\$ 127,478,716
EMPLOYER'S NET PENSION LIABILITY	\$ 44,883,070	\$ 49,987,105	\$ 48,630,145	\$ 39,388,906	\$ 47,303,733	\$ 35,118,223	\$ 27,674,751	\$ 30,079,811	\$ 62,061,151

MEASUREMENT DATE	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Plan fiduciary net position as a percentage of the total pension liability	67.19%	64.57%	66.79%	73.60%	69.29%	77.91%	83.11%	83.24%	67.26%
Covered payroll	\$ 10,022,659	\$ 10,617,314	\$ 10,623,394	\$ 10,874,876	\$ 11,626,566	\$ 11,281,241	\$ 11,851,132	\$ 12,133,125	\$ 12,439,265
Employer's net pension liability as a percentage of covered payroll	447.80%	470.80%	457.80%	362.20%	406.90%	311.30%	233.50%	247.90%	498.90%

Notes to Required Supplementary Information

Year Ended December 31, 2022 - There were change in mortality rates from the prior year.

Year Ended December 31, 2021 - There were change in mortality rates from the prior year.

Year Ended December 31, 2020 - There were change in mortality rates from the prior year.

Year Ended December 31, 2019 - There were change in mortality rates. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

Year Ended December 31, 2018 - There were change in mortality rates from the prior year.

Year Ended December 31, 2017 - There were changes in the retirement rates and termination rates.

Year Ended December 31, 2016 - Change in assumptions related to marital status rates and termination rates.

Year Ended April 30, 2015 - There were change in the actuarial cost method from projected unit credit to entry age normal.

Ultimately, this schedule should present return information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF THE VILLAGE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Eight Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021
Employer's proportion of net pension liability (asset)	73.85%	73.85%	73.85%	73.85%	73.85%	73.85%	73.85%	73.85%
Employer's proportionate share of net pension liability (asset)	\$ 10,753,457	\$ 16,955,133	\$ 17,742,985	\$ 3,784,058	\$ 22,559,933	\$ 10,898,733	\$ 44,609	\$ (15,148,152)
Employer's covered payroll	18,004,915	18,148,759	18,553,451	19,122,774	19,447,399	20,055,727	20,735,143	20,200,789
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	59.73%	93.42%	95.63%	19.79%	116.00%	54.34%	0.22%	(74.99%)
Plan fiduciary net position as a percentage of the total pension liability	90.96%	86.40%	86.35%	97.10%	83.82%	92.46%	99.97%	109.90%

Prior to 2019, the Library was presented as a component unit of the Village. Beginning January 1, 2019, IMRF is presented as a cost-sharing plan with the Library. Information above for 2015 through 2018 is estimated based on allocation used in 2019.

Ultimately, this schedule should present return information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2018	2019	2020	2021	2022
TOTAL OPEB LIABILITY					
Service cost	\$ 650,191	\$ 570,040	\$ 741,577	\$ 787,662	\$ 844,877
Interest	726,304	983,165	779,169	536,660	506,620
Benefit changes	-	-	(866,236)	-	-
Changes in assumptions	(1,191,261)	3,921,667	2,213,789	506,106	(1,824,294)
Differences between expected and actual experience	3,749,195	-	(3,274,902)	-	(346,840)
Implicit benefit payments	(1,028,719)	(1,107,830)	(1,134,306)	(1,053,223)	(1,206,430)
Net change in total OPEB liability	2,905,710	4,367,042	(1,540,909)	777,205	(2,026,067)
Total OPEB liability - beginning	21,627,827	24,533,537	28,900,579	27,359,670	28,136,875
TOTAL OPEB LIABILITY - ENDING	\$ 24,533,537	\$ 28,900,579	\$ 27,359,670	\$ 28,136,875	\$ 26,110,808
Covered-employee payroll	\$ 44,727,544	\$ 41,876,464	\$ 41,370,995	\$ 42,612,126	\$ 41,364,577
Employer's total OPEB liability as a percentage of covered-employee payroll	54.85%	69.01%	66.13%	66.03%	63.12%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

There was a change in assumptions related to the discount rate, mortality assumptions, and the withdrawal, disability and retirement rates in 2018.

There was a change in assumptions related to the discount rate in 2019.

There was a change in assumptions related to the discount rate and healthcare cost trend rates in 2020.

There was a change in benefits related to the elimination of the Affordable Care Act Excise Tax.

There was a change in assumptions related to the discount rate in 2021.

There was a change in assumptions related to the discount rate and healthcare cost trend rates in 2022.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Nine Fiscal Years

FISCAL YEAR ENDED	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Annual money-weighted rate of return, net of investment expense	8.06%	(4.74)%	6.28%	14.90%	(5.03)%	21.27%	13.37%	16.60%	(12.52%)

Ultimately, this schedule should present return information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND

Last Nine Fiscal Years

FISCAL YEAR ENDED	4/30/2015	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Annual money-weighted rate of return, net of investment expense	11.52%	(2.50)%	7.70%	13.24%	(3.35)%	16.55%	11.30%		

Ultimately, this schedule should present return information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2022

1. BUDGETS

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 1 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 of Trustees 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 (CDBG) funds).

At the first Village Board of Trustees 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.

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 GAAP. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, Enterprise (with the exception of the Lead Service Line Replacement Fund), Internal Service, and Pension Trust funds. All annual appropriations lapse at fiscal year end.

2. EXPENDITURES EXCEEDED BUDGET

During the year ended December 31, 2022, expenditures exceeded budget in TIF V Fund by \$133,367 and General Fund by \$1,952,446.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

General Fund - to account for resources traditionally associated with governments that are not accounted for in another fund.

DEBT SERVICE FUND

Debt Service Fund - to accumulate monies for payment of principal and interest on general obligation bonds.

CAPITAL PROJECTS FUND

Capital Projects Fund - to account for the costs of miscellaneous capital improvement projects and equipment replacement. Financing is provided by earmarking revenues to provide for the costs associated with the projects. Major projects include: road improvements, curb replacement, paving maintenance, and sidewalk replacement/installation.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

BALANCE SHEET

December 31, 2022
(with comparative actual)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 38,187,776	\$ 28,142,720
Receivables (net, where applicable, of allowances for uncollectibles)		
Property taxes	30,315,549	26,167,300
Other taxes	7,352,746	7,249,463
Accrued interest	18,351	1,363
Leases	1,413,188	-
Other	1,747,065	1,550,030
Due from other funds	200,001	200,001
Prepaid items	88,783	181,055
Inventory	81,518	70,602
TOTAL ASSETS	<u><u>\$ 79,404,977</u></u>	<u><u>\$ 63,562,534</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 3,306,881	\$ 2,791,516
Accrued payroll	2,032,265	1,548,029
Deposits payable	2,540,597	2,372,544
Due to other funds	12,746,561	-
Unearned revenue	40,007	24,880
Total liabilities	<u>20,666,311</u>	<u>6,736,969</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	24,830,000	26,167,300
Leases	1,389,773	-
Total deferred inflows of resources	<u>26,219,773</u>	<u>26,167,300</u>
Total liabilities and deferred inflows of resources	<u>46,886,084</u>	<u>32,904,269</u>
FUND BALANCES		
Nonspendable		
Prepaid items	88,783	181,055
Inventory	81,518	70,602
Unrestricted		
Assigned		
Disabled citizens programs	3,443	4,940
Emergency assistance programs	265,900	273,063
Senior center maintenance	272,000	289,000
Canine unit donation	127,793	127,793
TIF refund	150,000	150,000
Unassigned	31,529,456	29,561,812
Total fund balances	<u>32,518,893</u>	<u>30,658,265</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 79,404,977</u></u>	<u><u>\$ 63,562,534</u></u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
TAXES				
Property taxes	\$ 26,167,300	\$ 26,167,300	\$ 26,031,815	\$ 25,944,200
Other taxes				
Hotel tax	975,000	975,000	937,369	641,947
Food/beverage tax	2,009,800	2,009,800	2,301,416	2,139,900
Sales tax - home rule	5,600,000	5,600,000	7,207,064	6,567,847
Telecommunications tax	1,371,400	1,371,400	1,651,598	1,684,735
Natural gas utility tax	2,200,000	2,200,000	2,118,406	2,045,023
Electric utility tax	3,100,000	3,100,000	2,803,493	2,898,554
Other taxes	38,000	38,000	40,442	50,557
Total other taxes	15,294,200	15,294,200	17,059,788	16,028,563
Total taxes	41,461,500	41,461,500	43,091,603	41,972,763
LICENSES AND PERMITS				
Business licenses	650,000	650,000	694,352	702,685
Liquor licenses	425,000	425,000	403,878	392,918
Vehicle licenses	1,430,000	1,430,000	1,305,356	1,395,388
Dog licenses	65,000	65,000	66,100	65,659
Public chauffeur licenses	500	500	40	40
Multi-dwelling licenses	70,000	70,000	60,831	86,384
Revenue suspense OL	-	-	18,774	(3,077)
Building permits	1,200,000	1,200,000	1,411,473	1,137,149
Electrical permits	115,000	115,000	102,275	106,777
Plumbing permits	90,000	90,000	76,025	72,880
Sign permits	13,000	13,000	14,320	10,720
Elevator permits	60,000	60,000	49,475	55,139
Occupancy permits	25,000	25,000	19,240	18,540
Driveway permits	6,000	6,000	187	-
Air conditioner permits	14,000	14,000	15,206	22,024
Swimming pool permits	2,000	2,000	4,094	3,707
Chimney permits	2,000	2,000	1,043	1,160
Wrecking permits	7,500	7,500	7,775	5,875
Other permits	2,000	2,000	2,260	2,401
Total licenses and permits	4,177,000	4,177,000	4,252,704	4,076,369
INTERGOVERNMENTAL				
Shared income tax	9,299,000	9,299,000	12,657,093	9,939,827
Municipal sales tax	13,700,000	13,700,000	15,993,182	15,162,957
State use tax	3,000,000	3,000,000	3,151,457	2,961,695
Replacement tax	550,000	550,000	1,652,822	816,967
Total intergovernmental	26,549,000	26,549,000	33,454,554	28,881,446

(This statement is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
GRANTS				
Training reimbursement	\$ 35,000	\$ 35,000	\$ 101,682	\$ 82,433
Task force reimbursement	25,000	25,000	14,852	20,256
Counselor in the park	23,000	23,000	4,500	46,000
Library services	135,000	135,000	135,000	129,267
Other grants	170,000	397,104	463,895	392,355
Total grants	388,000	615,104	719,929	670,311
CHARGES FOR SERVICES				
Escrow deposits	12,000	12,000	26,393	1,108
Guaranteed bonds	5,000	5,000	6,547	461
Total charges for services	17,000	17,000	32,940	1,569
FINES AND FEES				
Traffic court fines	260,000	260,000	137,900	308,099
Parking fines	220,000	220,000	601,988	461,131
Compliance ticket fines	6,000	6,000	45	162
Ordinance ticket fines	55,000	55,000	-	985
Other fines	5,100	5,100	15,018	17,860
Cable franchise fees	1,400,000	1,400,000	1,334,718	1,389,171
Special PW detail fees	10,000	10,000	11,769	2,385
Plan commission hearings	20,000	20,000	14,710	26,825
Rezoning fees	10,000	10,000	6,840	10,810
Plan exam fees	100,000	100,000	105,375	92,158
Fire plan examination fees	42,000	42,000	79,903	52,777
Engineering service fees	110,000	110,000	369,890	241,496
Ambulance service fees	2,750,000	2,750,000	3,756,425	3,164,776
Special police detail	200,000	200,000	233,935	135,908
Police counselor fees	325,000	325,000	379,071	358,821
Police records fees	10,000	10,000	15,523	11,834
Special fire detail	40,000	40,000	40,744	23,380
False alarm fees	20,000	20,000	40,300	11,050
Chemical user fees	10,000	10,000	11,650	13,290
DUI administration charges	60,000	60,000	65,225	75,200
Health inspection fees	-	-	35	-
Weed cutting fees	4,000	4,000	13,558	7,369
Animal detention fees	-	-	125	100
Other fees	40,000	40,000	39,558	41,300
Total fines and fees	5,697,100	5,697,100	7,274,305	6,446,887
INVESTMENT INCOME	160,000	160,000	478,594	24,705

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
MISCELLANEOUS				
Damage claims	\$ 48,000	\$ 48,000	\$ 22,364	\$ 27,527
Equipment sales	5,000	5,000	9,825	22,860
Scrap sales	2,000	2,000	5,220	4,628
Sale of plans bid specs	2,000	2,000	-	1,065
Rents and concessions	24,000	24,000	23,612	27,212
Train station rents	10,000	10,000	4,605	3,435
Traffic signal maintenance	34,000	34,000	30,609	35,827
Hearts of gold awards	15,000	15,000	7,775	-
Premium sponsor	-	-	7,500	-
NWCH in lieu of property taxes	263,800	263,800	274,231	261,172
Senior center donations	7,000	7,000	1,815	1,129
Radon testing	-	-	10	20
Disabled citizen donations	500	500	1,331	250
Sales of printed matter	-	-	-	88
Wellness programs	6,000	6,000	3,317	3,856
Wellness home visits	2,800	2,800	2,081	2,477
Emergency Assistance	23,000	23,000	37,055	40,913
Bad debt recovery	10,000	10,000	14,228	19,237
Lease revenue	-	-	2,800	600
Lease right to use amortization	-	-	63,450	-
Other income	30,000	30,000	191,158	46,795
Total miscellaneous	483,100	483,100	702,986	499,091
TOTAL REVENUES	\$ 78,932,700	\$ 79,159,804	\$ 90,007,615	\$ 82,573,141

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT				
Board of Trustees	\$ 176,200	\$ 176,200	\$ 158,096	\$ 152,386
Village Manager	1,187,000	1,187,000	1,082,189	1,025,159
Human resources	435,900	465,200	431,770	420,099
Legal	716,100	686,800	632,528	781,389
Finance	2,691,400	2,691,400	2,601,340	2,678,561
Boards and commissions	147,700	147,700	114,474	157,901
Total general government	5,354,300	5,354,300	5,020,397	5,215,495
PUBLIC SAFETY				
Police	27,989,000	28,253,567	29,356,761	26,408,436
Fire	24,557,200	24,589,301	26,760,115	24,365,202
Total public safety	52,546,200	52,842,868	56,116,876	50,773,638
HIGHWAYS AND STREETS				
Public works	13,810,900	13,917,134	13,473,529	12,484,825
COMMUNITY DEVELOPMENT				
Planning and community development	1,854,400	1,912,416	1,784,071	1,775,705
Building	3,036,200	3,036,200	2,795,152	2,556,165
Total community development	4,890,600	4,948,616	4,579,223	4,331,870
HEALTH AND WELFARE				
Senior services	649,200	650,123	620,985	567,560
Health services	1,881,500	1,881,500	1,735,977	1,778,462
Total health and welfare	2,530,700	2,531,623	2,356,962	2,346,022
TOTAL EXPENDITURES	<u>\$ 79,132,700</u>	<u>\$ 79,594,541</u>	<u>\$ 81,546,987</u>	<u>\$ 75,151,850</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT				
Board of Trustees				
Salaries	\$ 30,900	\$ 30,900	\$ 28,100	\$ 28,100
Fringe benefits	3,400	3,400	3,222	3,315
Contractual services	140,400	140,400	125,321	119,401
Commodities	1,500	1,500	1,453	1,570
Total board of trustees	176,200	176,200	158,096	152,386
Integrated services				
Salaries	728,900	728,900	736,205	711,242
Fringe benefits	250,500	250,500	248,396	240,535
Contractual services	149,700	149,700	93,179	68,676
Commodities	7,900	7,900	4,409	4,706
Other charges	50,000	50,000	-	-
Total integrated services	1,187,000	1,187,000	1,082,189	1,025,159
Human resources				
Salaries	261,400	287,700	275,788	256,343
Fringe benefits	90,000	93,000	92,712	103,716
Contractual services	59,000	59,000	48,885	44,481
Commodities	2,800	2,800	2,889	2,328
Other charges	22,700	22,700	11,496	13,231
Total human resources	435,900	465,200	431,770	420,099
Legal				
Salaries	226,100	199,800	136,720	224,313
Fringe benefits	108,900	105,900	92,052	99,461
Contractual services	370,400	370,400	399,190	450,059
Commodities	10,700	10,700	4,566	7,556
Total legal	716,100	686,800	632,528	781,389
Finance				
Salaries	1,036,900	1,036,900	985,467	1,001,707
Fringe benefits	443,100	443,100	430,506	411,799
Contractual services	347,100	347,100	405,214	337,869
Commodities	32,300	32,300	31,039	30,011
Other charges	832,000	832,000	749,114	897,175
Total finance	2,691,400	2,691,400	2,601,340	2,678,561
Boards and commissions				
Contractual services	110,700	110,700	98,929	149,106
Commodities	2,300	2,300	1,794	1,395
Other charges	34,700	34,700	13,751	7,400
Total boards and commissions	147,700	147,700	114,474	157,901
Total general government	5,354,300	5,354,300	5,020,397	5,215,495

(This statement is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
PUBLIC SAFETY				
Police				
Salaries	\$ 16,345,800	\$ 16,378,525	\$ 15,654,718	\$ 15,122,193
Fringe benefits	8,568,800	8,568,800	10,527,167	8,233,116
Contractual services	2,570,300	2,766,110	2,662,080	2,590,533
Commodities	504,100	540,132	512,796	462,594
Total police	27,989,000	28,253,567	29,356,761	26,408,436
Fire				
Salaries	13,565,000	13,565,000	13,732,593	13,554,140
Fringe benefits	8,554,200	8,554,200	10,549,799	8,431,881
Contractual services	2,111,400	2,122,354	2,130,141	2,072,196
Commodities	326,600	347,747	347,582	306,985
Total fire	24,557,200	24,589,301	26,760,115	24,365,202
Total public safety	52,546,200	52,842,868	56,116,876	50,773,638
HIGHWAYS AND STREETS				
Public works				
Salaries	6,044,300	6,044,300	5,819,387	5,560,318
Fringe benefits	2,794,700	2,794,700	2,712,899	2,572,442
Contractual services	3,464,500	3,559,443	3,450,655	3,128,175
Commodities	1,507,400	1,518,691	1,490,588	1,223,890
Total highways and streets	13,810,900	13,917,134	13,473,529	12,484,825
COMMUNITY DEVELOPMENT				
Planning and community development				
Salaries	1,146,700	1,146,700	1,159,151	1,116,741
Fringe benefits	445,200	445,200	442,990	450,625
Contractual services	151,900	158,003	118,722	114,552
Commodities	12,600	12,600	8,439	6,814
Other charges	98,000	149,913	54,769	86,973
Total planning and community development	1,854,400	1,912,416	1,784,071	1,775,705
Building services				
Salaries	1,876,000	1,876,000	1,712,924	1,646,646
Fringe benefits	782,500	782,500	750,598	647,317
Contractual services	350,600	350,600	304,298	236,618
Commodities	27,100	27,100	27,332	25,584
Total building services	3,036,200	3,036,200	2,795,152	2,556,165
Total community development	4,890,600	4,948,616	4,579,223	4,331,870

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
HEALTH AND WELFARE				
Senior services				
Salaries	\$ 365,600	\$ 365,600	\$ 350,178	\$ 325,428
Fringe benefits	149,600	149,600	146,654	138,510
Contractual services	106,700	106,700	99,010	86,336
Commodities	27,300	28,223	25,143	17,286
Total senior services	649,200	650,123	620,985	567,560
Health services				
Salaries	1,106,900	1,106,900	998,950	1,064,999
Fringe benefits	416,800	416,800	404,083	427,221
Contractual services	207,500	207,500	171,490	178,485
Commodities	45,300	45,300	42,618	31,357
Other charges	105,000	105,000	118,836	76,400
Total health services	1,881,500	1,881,500	1,735,977	1,778,462
Total health and welfare	2,530,700	2,531,623	2,356,962	2,346,022
TOTAL EXPENDITURES	\$ 79,132,700	\$ 79,594,541	\$ 81,546,987	\$ 75,151,850

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Property taxes	\$ 6,498,700	\$ 6,498,700	\$ 6,466,213	\$ 6,333,967
Investment income	47,000	47,000	56,205	2,986
Miscellaneous	289,100	289,100	149,301	290,182
Total revenues	6,834,800	6,834,800	6,671,719	6,627,135
EXPENDITURES				
Debt service				
Principal retirement	5,335,000	5,335,000	5,335,000	5,075,000
Interest and fiscal charges	2,151,200	2,151,200	2,146,782	2,405,333
Total expenditures	7,486,200	7,486,200	7,481,782	7,480,333
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(651,400)	(651,400)	(810,063)	(853,198)
OTHER FINANCING SOURCES (USES)				
Transfers in	693,300	693,300	693,300	692,100
Total other financing sources (uses)	693,300	693,300	693,300	692,100
NET CHANGE IN FUND BALANCE	<u>\$ 41,900</u>	<u>\$ 41,900</u>	(116,763)	(161,098)
FUND BALANCE, JANUARY 1			1,937,002	2,098,100
FUND BALANCE, DECEMBER 31			<u>\$ 1,820,239</u>	<u>\$ 1,937,002</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes				
Property	\$ 5,250,000	\$ 5,250,000	\$ 5,223,755	\$ 4,288,532
Other	1,884,800	1,884,800	2,402,355	2,189,282
Grants	3,386,300	3,386,300	1,466,626	2,948,666
Investment income	80,000	80,000	411,908	23,511
Miscellaneous	120,000	120,000	303,735	260,756
Total revenues	10,721,100	10,721,100	9,808,379	9,710,747
EXPENDITURES				
Capital outlay				
Contractual services	-	-	30,567	-
Equipment	880,700	1,524,263	757,384	410,408
Construction	8,751,000	10,499,066	7,012,405	6,265,231
Other expenditures	-	500,000	500,000	300,706
Total expenditures	9,631,700	12,523,329	8,300,356	6,976,345
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,089,400	(1,802,229)	1,508,023	2,734,402
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	400,000	2,451,461
Transfers (out)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Total other financing sources (uses)	(2,200,000)	(2,200,000)	(2,100,000)	(48,539)
NET CHANGE IN FUND BALANCE	<u>\$ (1,110,600)</u>	<u>\$ (4,002,229)</u>	(591,977)	2,685,863
FUND BALANCE, JANUARY 1			19,424,301	16,738,438
FUND BALANCE, DECEMBER 31			<u>\$ 18,832,324</u>	<u>\$ 19,424,301</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund - 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 - to account for the revenue and expenditures associated with 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 housing and a suitable living environment. The beneficiaries of the CDBG Program must be individuals with low and/or moderate incomes.

Affordable Housing Fund - to account for the revenues and expenditures restricted for the creation and preservation of Attainable Housing.

Zero Interest Loan Fund - to account for the revenue derived from the Cook County Class 6/7 property tax abatements which are restricted to provide financial assistance to prospective and existing business within the Village.

Foreign Fire Insurance Fund - to account for 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 - to account for revenues awarded by criminal courts and expenditures for police investigations.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

TIF IV Fund - to account for 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 - to account for 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 TIF Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's Hickory Kensington Tax Increment Financing District.

South Arlington Heights Road TIF Fund - to account for revenues and expenditures associated with the formation and redevelopment of the Village's South Arlington Heights Road Tax Increment Financing District.

CAPITAL PROJECTS FUNDS

Municipal Parking Operations Fund - to account for revenues and expenditures associated with the Village's parking system.

Stormwater Control Fund - 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.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

December 31, 2022

	Special Revenue Funds				
	Motor Fuel Tax	Community Development Block Grant	Affordable Housing	Zero Interest Loan	Foreign Fire Insurance
ASSETS					
Cash and investments	\$ 7,629,241	\$ 32,870	\$ 920,153	\$ 991,790	\$ 591,469
Receivables					
Property taxes	-	-	-	-	-
Other taxes	303,173	-	-	-	-
Accrued interest	-	-	463	499	298
CDBG rehabilitation loans	-	1,855,119	-	-	-
Grants	-	270,327	-	-	-
Other	-	-	-	88,130	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 7,932,414	\$ 2,158,316	\$ 920,616	\$ 1,080,419	\$ 591,767
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 279,208	\$ 97,908	\$ -	\$ -	\$ 32,507
Accrued payroll	-	5,288	-	-	-
Due to other funds	-	200,001	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	279,208	303,197	-	-	32,507
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	1,855,119	-	88,130	-
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	-	1,855,119	-	88,130	-
Total liabilities and deferred inflows of resources	279,208	2,158,316	-	88,130	32,507
FUND BALANCES					
Restricted					
Capital projects	-	-	-	-	-
Public safety	-	-	-	-	559,260
Highways and streets	7,653,206	-	-	-	-
Community development	-	-	920,616	992,289	-
Stormwater control	-	-	-	-	-
Unrestricted					
Assigned					
Public parking	-	-	-	-	-
Total fund balances	7,653,206	-	920,616	992,289	559,260
TOTAL LIABILITIES, DEFERRFED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,932,414	\$ 2,158,316	\$ 920,616	\$ 1,080,419	\$ 591,767

Special Revenue Funds					Capital Projects			
Criminal Investigations	TIF IV	TIF V	Hickory Kensington TIF	South Arlington Heights Road TIF	Municipal Parking Operations	Stormwater Control	Total	
\$ 1,489,321	\$ 3,584,769	\$ 3,254,318	\$ 3,913,490	\$ 1,236,145	\$ 5,900,723	\$ 4,304,535	\$ 33,848,824	
-	820,055	1,311,892	820,311	376,794	-	-	3,329,052	
-	-	-	-	-	-	-	303,173	
-	1,806	1,639	1,971	623	2,968	2,168	12,435	
-	-	-	-	-	-	-	1,855,119	
-	-	-	-	-	-	-	270,327	
1,750	-	-	-	-	3,978	206,210	300,068	
-	-	-	-	-	500,000	-	500,000	
\$ 1,491,071	\$ 4,406,630	\$ 4,567,849	\$ 4,735,772	\$ 1,613,562	\$ 6,407,669	\$ 4,512,913	\$ 40,418,998	
\$ 4,652	\$ 16,476	\$ -	\$ -	\$ 17,983	\$ 21,023	\$ 78,845	\$ 548,602	
-	-	-	-	-	5,945	-	11,233	
-	-	-	-	-	-	-	200,001	
-	-	-	-	-	118,660	-	118,660	
4,652	16,476	-	-	17,983	145,628	78,845	878,496	
-	-	-	-	-	-	-	1,943,249	
-	571,800	738,100	650,000	350,000	-	-	2,309,900	
-	571,800	738,100	650,000	350,000	-	-	4,253,149	
4,652	588,276	738,100	650,000	367,983	145,628	78,845	5,131,645	
-	-	-	-	-	-	587,252	587,252	
1,486,419	-	-	-	-	-	-	2,045,679	
-	-	-	-	-	-	-	7,653,206	
-	3,818,354	3,829,749	4,085,772	1,245,579	-	-	14,892,359	
-	-	-	-	-	-	3,846,816	3,846,816	
-	-	-	-	-	6,262,041	-	6,262,041	
1,486,419	3,818,354	3,829,749	4,085,772	1,245,579	6,262,041	4,434,068	35,287,353	
\$ 1,491,071	\$ 4,406,630	\$ 4,567,849	\$ 4,735,772	\$ 1,613,562	\$ 6,407,669	\$ 4,512,913	\$ 40,418,998	

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

For the Year Ended December 31, 2022

	Special Revenue				
	Motor Fuel Tax	Community Development Block Grant	Affordable Housing	Zero Interest Loan	Foreign Fire Insurance
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 180,396
Intergovernmental	3,060,150	-	-	-	-
Grants	1,649,817	369,611	-	-	-
Charges for services	-	-	-	114,545	-
Fines and fees	-	-	-	-	-
Investment income	25,686	-	11,523	12,227	6,933
Miscellaneous	-	58,557	84,498	-	-
Total revenues	4,735,653	428,168	96,021	126,772	187,329
EXPENDITURES					
Current					
Public safety	-	-	-	-	164,801
Highways and streets	-	-	-	-	-
Community development	-	428,168	-	-	-
Capital outlay	2,689,659	-	-	-	-
Total expenditures	2,689,659	428,168	-	-	164,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,045,994	-	96,021	126,772	22,528
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	2,045,994	-	96,021	126,772	22,528
FUND BALANCE, JANUARY 1	5,607,212	-	824,595	865,517	536,732
FUND BALANCE , DECEMBER 31	<u>\$ 7,653,206</u>	<u>\$ -</u>	<u>\$ 920,616</u>	<u>\$ 992,289</u>	<u>\$ 559,260</u>

Special Revenue					Capital Projects		
Criminal Investigations	TIF IV	TIF V	Hickory Kensington TIF	South Arlington Heights Road TIF	Municipal Parking Operations	Stormwater Control	Total
\$ -	\$ 531,829	\$ 1,193,760	\$ 822,569	\$ 804,276	\$ -	\$ -	\$ 3,532,830
360,492	-	-	-	-	-	768,398	4,189,040
-	-	-	-	-	-	-	2,019,428
-	-	-	-	-	752,040	1,641,041	2,507,626
-	-	-	-	-	543	-	543
12,238	46,148	41,887	48,278	11,533	117,926	60,540	394,919
-	-	-	-	-	11,471	-	154,526
372,730	577,977	1,235,647	870,847	815,809	881,980	2,469,979	12,798,912
177,243	-	-	-	-	-	-	342,044
-	-	-	-	-	1,070,404	-	1,070,404
-	91,235	17,325	15,000	49,818	-	-	601,546
-	4,307	1,354,511	-	57,381	126,734	3,254,324	7,486,916
177,243	95,542	1,371,836	15,000	107,199	1,197,138	3,254,324	9,500,910
195,487	482,435	(136,189)	855,847	708,610	(315,158)	(784,345)	3,298,002
-	-	-	-	-	500,000	-	500,000
-	-	-	-	-	-	(693,300)	(693,300)
-	-	-	-	-	500,000	(693,300)	(193,300)
195,487	482,435	(136,189)	855,847	708,610	184,842	(1,477,645)	3,104,702
1,290,932	3,335,919	3,965,938	3,229,925	536,969	6,077,199	5,911,713	32,182,651
\$ 1,486,419	\$ 3,818,354	\$ 3,829,749	\$ 4,085,772	\$ 1,245,579	\$ 6,262,041	\$ 4,434,068	\$ 35,287,353

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MOTOR FUEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental				
Motor fuel tax revenues	\$ 3,000,000	\$ 3,000,000	\$ 3,060,150	\$ 2,942,607
Grants	1,650,000	1,650,000	1,649,817	1,649,817
Investment income	4,000	4,000	25,686	552
Total revenues	4,654,000	4,654,000	4,735,653	4,592,976
EXPENDITURES				
Capital outlay	4,116,800	4,554,299	2,689,659	3,911,870
Total expenditures	4,116,800	4,554,299	2,689,659	3,911,870
NET CHANGE IN FUND BALANCE	<u>\$ 537,200</u>	<u>\$ 99,701</u>	2,045,994	681,106
FUND BALANCE, JANUARY 1			5,607,212	4,926,106
FUND BALANCE, DECEMBER 31			<u>\$ 7,653,206</u>	<u>\$ 5,607,212</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental				
Federal grants	\$ 829,200	\$ 829,200	\$ 369,611	\$ 564,652
Program income	50,000	50,000	58,557	113,951
Miscellaneous income	-	-	-	5,711
Total revenues	879,200	879,200	428,168	684,314
EXPENDITURES				
Current				
Community development				
Planning and community development				
Salaries	64,300	64,300	64,300	60,666
CDBG program				
Other charges	814,900	869,776	363,868	623,648
Total expenditures	879,200	934,076	428,168	684,314
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (54,876)</u>	-	-
FUND BALANCE, JANUARY 1			-	-
FUND BALANCE, DECEMBER 31			<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

AFFORDABLE HOUSING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment income	\$ -	\$ -	\$ 11,523	\$ 441
Miscellaneous income	150,000	150,000	84,498	377,310
Total revenues	150,000	150,000	96,021	377,751
EXPENDITURES				
Health and welfare				
Contractual service	25,000	25,000	-	-
Total expenditures	25,000	25,000	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 125,000</u>	<u>\$ 125,000</u>	96,021	377,751
FUND BALANCE, JANUARY 1			824,595	446,844
FUND BALANCE, DECEMBER 31			<u>\$ 920,616</u>	<u>\$ 824,595</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ZERO INTEREST LOAN FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Loan repayments	\$ 300,000	\$ 300,000	\$ 114,545	\$ 371,324
Investment income	-	-	12,227	483
Total revenues	300,000	300,000	126,772	371,807
EXPENDITURES				
Current				
General Government				
Integrated services				
Contractual services	150,000	150,000	-	20,000
Total expenditures	150,000	150,000	-	20,000
NET CHANGE IN FUND BALANCE	<u>\$ 150,000</u>	<u>\$ 150,000</u>	126,772	351,807
FUND BALANCE, JANUARY 1			<u>865,517</u>	<u>513,710</u>
FUND BALANCE, DECEMBER 31			<u>\$ 992,289</u>	<u>\$ 865,517</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FOREIGN FIRE INSURANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Foreign fire insurance tax	\$ 130,000	\$ 130,000	\$ 180,396	\$ 157,551
Investment income	2,500	2,500	6,933	361
Miscellaneous income	-	-	-	182
Total revenues	132,500	132,500	187,329	158,094
EXPENDITURES				
Current				
Public safety				
Contractual	75,000	75,000	35,037	23,478
Commodities	175,000	175,807	129,764	84,681
Total expenditures	250,000	250,807	164,801	108,159
NET CHANGE IN FUND BALANCE	<u>\$ (117,500)</u>	<u>\$ (118,307)</u>	22,528	49,935
FUND BALANCE, JANUARY 1			536,732	486,797
FUND BALANCE, DECEMBER 31			<u>\$ 559,260</u>	<u>\$ 536,732</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CRIMINAL INVESTIGATIONS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental	\$ 95,000	\$ 95,000	\$ 360,492	\$ 62,863
Investment income	8,700	8,700	12,238	376
Miscellaneous income	-	-	-	971
Total revenues	103,700	103,700	372,730	64,210
EXPENDITURES				
Current				
Public safety				
Other charges	789,900	493,228	177,243	207,357
Total expenditures	789,900	493,228	177,243	207,357
NET CHANGE IN FUND BALANCE	<u>\$ (686,200)</u>	<u>\$ (389,528)</u>	195,487	(143,147)
FUND BALANCE, JANUARY 1			1,290,932	1,434,079
FUND BALANCE, DECEMBER 31			<u>\$ 1,486,419</u>	<u>\$ 1,290,932</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF IV FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Property taxes	\$ 571,800	\$ 571,800	\$ 531,829	\$ 453,464
Investment income	19,500	19,500	46,148	2,528
Miscellaneous	-	-	-	721
Total revenues	591,300	591,300	577,977	456,713
EXPENDITURES				
Current				
Community development				
Contractual services	50,000	72,345	41,235	51,479
Other expenditures	50,000	50,000	50,000	50,400
Capital outlay	1,627,000	1,627,000	4,307	544,810
Total expenditures	1,727,000	1,749,345	95,542	646,689
NET CHANGE IN FUND BALANCE	<u>\$ (1,135,700)</u>	<u>\$ (1,158,045)</u>	482,435	(189,976)
FUND BALANCE, JANUARY 1			3,335,919	3,525,895
FUND BALANCE, DECEMBER 31			<u>\$ 3,818,354</u>	<u>\$ 3,335,919</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF V FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Property taxes	\$ 738,100	\$ 738,100	\$ 1,193,760	\$ 801,933
Investment income	8,100	8,100	41,887	2,748
Miscellaneous	-	-	-	501
Total revenues	746,200	746,200	1,235,647	805,182
EXPENDITURES				
Current				
Community development				
Contractual services	15,000	15,000	17,325	-
Other charges	130,000	130,000	-	400
Capital outlay	1,083,000	1,093,469	1,354,511	-
Total expenditures	1,228,000	1,238,469	1,371,836	400
NET CHANGE IN FUND BALANCE	\$ (481,800)	\$ (492,269)	(136,189)	804,782
FUND BALANCE, JANUARY 1			3,965,938	3,161,156
FUND BALANCE, DECEMBER 31			\$ 3,829,749	\$ 3,965,938

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

HICKORY KENSINGTON TIF FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Property taxes	\$ 650,000	\$ 650,000	\$ 822,569	\$ 762,150
Investment income	10,000	10,000	48,278	2,176
Total revenues	660,000	660,000	870,847	764,326
EXPENDITURES				
Current				
Community development				
Contractual services	75,000	75,000	-	-
Other expenditures	15,000	15,000	15,000	15,000
Capital outlay	1,025,000	1,025,000	-	-
Total expenditures	1,115,000	1,115,000	15,000	15,000
NET CHANGE IN FUND BALANCE	<u>\$ (455,000)</u>	<u>\$ (455,000)</u>	855,847	749,326
FUND BALANCE, JANUARY 1			3,229,925	2,480,599
FUND BALANCE, DECEMBER 31			<u>\$ 4,085,772</u>	<u>\$ 3,229,925</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SOUTH ARLINGTON HEIGHTS ROAD TIF

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Property taxes	\$ 100,000	\$ 100,000	\$ 804,276	\$ 591,378
Investment income	-	-	11,533	127
Total revenues	100,000	100,000	815,809	591,505
EXPENDITURES				
Current				
Community development				
Contractual services	125,000	134,500	34,818	-
Other charges	15,000	15,000	15,000	-
Capital outlay	55,000	105,839	57,381	54,536
Total expenditures	195,000	255,339	107,199	54,536
NET CHANGE IN FUND BALANCE	<u>\$ (95,000)</u>	<u>\$ (155,339)</u>	708,610	536,969
FUND BALANCE, JANUARY 1			536,969	-
FUND BALANCE, DECEMBER 31			<u>\$ 1,245,579</u>	<u>\$ 536,969</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

MUNICIPAL PARKING OPERATIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for services	\$ 1,229,700	\$ 1,229,700	\$ 752,040	\$ 797,330
Fines and forfeitures	70,300	70,300	543	2,774
Investment income	31,000	31,000	117,926	7,182
Miscellaneous	-	-	11,471	10,024
Total revenues	1,331,000	1,331,000	881,980	817,310
EXPENDITURES				
Current				
Highways and streets				
Personal services	576,400	576,400	484,221	475,983
Contractual services	359,600	362,703	242,607	246,634
Commodities	94,000	94,000	56,276	88,130
Other charges	287,300	287,300	287,300	287,300
Capital outlay	611,500	800,770	126,734	205,032
Total expenditures	1,928,800	2,121,173	1,197,138	1,303,079
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(597,800)	(790,173)	(315,158)	(485,769)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	500,000	950,000
Total other financing sources (uses)	-	-	500,000	950,000
NET CHANGE IN FUND BALANCE	<u>\$ (597,800)</u>	<u>\$ (790,173)</u>	184,842	464,231
FUND BALANCE, JANUARY 1			6,077,199	5,612,968
FUND BALANCE, DECEMBER 31			<u>\$ 6,262,041</u>	<u>\$ 6,077,199</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

STORMWATER CONTROL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Charges for services	\$ 1,630,400	\$ 1,630,400	\$ 1,641,041	\$ 1,677,031
Intergovernmental	1,000,000	1,000,000	768,398	-
Investment income	31,000	31,000	60,540	5,816
Miscellaneous	-	-	-	12,696
Total revenues	2,661,400	2,661,400	2,469,979	1,695,543
EXPENDITURES				
Capital outlay				
Contractual services	-	-	177	2,114
Capital outlay	3,822,000	4,215,925	3,254,147	5,016,204
Total expenditures	3,822,000	4,215,925	3,254,324	5,018,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,160,600)	(1,554,525)	(784,345)	(3,322,775)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(693,300)	(693,300)	(693,300)	(692,100)
Total other financing sources (uses)	(693,300)	(693,300)	(693,300)	(692,100)
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,853,900)</u></u>	<u><u>\$ (2,247,825)</u></u>	(1,477,645)	(4,014,875)
FUND BALANCE, JANUARY 1			5,911,713	9,926,588
FUND BALANCE, DECEMBER 31			<u><u>\$ 4,434,068</u></u>	<u><u>\$ 5,911,713</u></u>

(See independent auditor's report.)

PROPRIETARY FUNDS

Enterprise Funds are established to account for the financing of self-supporting activities of the Village that render services on a user charge basis.

Water and Sewer Fund

This 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, and improvements.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

STATEMENT OF NET POSITION

December 31, 2022
(with comparative actual)

	2022	2021
CURRENT ASSETS		
Cash and investments	\$ 10,612,240	\$ 10,391,663
Receivables		
Customer accounts	3,491,152	3,163,497
Accrued interest	5,338	400
Prepaid expenses	7,600	7,600
Due from other funds	1,200,000	-
Inventory	468,383	543,950
Total current assets	15,784,713	14,107,110
NONCURRENT ASSETS		
Capital assets		
Nondepreciable capital assets	2,450,827	2,450,827
Depreciable capital assets	123,323,126	115,163,485
Accumulated depreciation	(84,344,054)	(82,563,311)
Net capital assets	41,429,899	35,051,001
Other assets		
Net pension asset - IMRF	3,419,794	-
Investment in joint venture	19,037,399	18,174,601
Total noncurrent assets	63,887,092	53,225,602
Total assets	79,671,805	67,332,712
DEFERRED OUTFLOWS OF RESOURCES		
Asset retirement obligation items	910,000	945,000
IMRF items	777,863	1,180,835
OPEB items	498,303	195,112
Total deferred outflows of resources	2,186,166	2,320,947
Total assets and deferred outflows of resources	81,857,971	69,653,659

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

STATEMENT OF NET POSITION (Continued)

December 31, 2022
(with comparative actual)

	2022	2021
CURRENT LIABILITIES		
Accounts payable	\$ 894,276	\$ 407,291
Accrued payroll	107,761	116,700
Compensated absences payable	39,703	44,542
Total OPEB liability	50,307	32,136
Total current liabilities	1,092,047	600,669
LONG-TERM LIABILITIES		
Compensated absences payable	158,813	178,167
Asset retirement obligations	1,050,000	1,050,000
Net pension liability - IMRF	-	10,071
Total OPEB liability	1,038,497	826,391
Total long-term liabilities	2,247,310	2,064,629
Total liabilities	3,339,357	2,665,298
DEFERRED INFLOWS OF RESOURCES		
IMRF items	4,632,041	2,844,867
OPEB items	97,635	33,924
Total deferred inflows of resources	4,729,676	2,878,791
Total liabilities and deferred inflows of resources	8,069,033	5,544,089
NET POSITION		
Net investment in capital assets	41,429,899	35,051,001
Unrestricted	32,359,039	29,058,569
TOTAL NET POSITION	\$ 73,788,938	\$ 64,109,570

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 22,275,200	\$ 22,275,200	\$ 21,161,257	\$ 21,458,315
Miscellaneous	96,000	96,000	416,379	428,728
Total operating revenues	22,371,200	22,371,200	21,577,636	21,887,043
OPERATING EXPENSES				
Personal services	7,234,600	7,234,600	5,589,691	5,650,116
Contractual services	2,812,900	2,867,278	2,825,377	2,721,278
Northwest Water Commission	4,100,000	4,100,000	4,177,840	4,013,462
Commodities	751,100	784,807	977,020	642,117
Charges for services	2,176,100	2,176,100	1,876,153	1,821,541
Other	8,849,600	9,087,815	1,268,692	1,437,343
Total operating expenses	25,924,300	26,250,600	16,714,773	16,285,857
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(3,553,100)	(3,879,400)	4,862,863	5,601,186
Depreciation and amortization	-	-	1,815,743	1,623,218
Total depreciation and amortization	-	-	1,815,743	1,623,218
OPERATING INCOME (LOSS)	(3,553,100)	(3,879,400)	3,047,120	3,977,968
NON-OPERATING REVENUES (EXPENSES)				
Investment income	20,000	20,000	213,938	11,361
Increase in joint venture	328,600	328,600	862,798	253,551
Other income	22,000	22,000	32,750	61,970
Total non-operating revenues (expenses)	370,600	370,600	1,109,486	326,882
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(3,182,500)	(3,508,800)	4,156,606	4,304,850
TRANSFERS				
Transfers in	-	-	1,200,000	2,500,000
CONTRIBUTIONS	-	-	4,322,762	3,102,920
CHANGE IN NET POSITION	<u>\$ (3,182,500)</u>	<u>\$ (3,508,800)</u>	9,679,368	9,907,770
NET POSITION, JANUARY 1			64,109,570	54,778,747
Prior period adjustment			-	(576,947)
NET POSITION, JANUARY 1, AS RESTATED			64,109,570	54,201,800
NET POSITION, DECEMBER 31			<u>\$ 73,788,938</u>	<u>\$ 64,109,570</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
BUDGETARY BASIS**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
PERSONAL SERVICES				
Finance				
Salaries	\$ 579,300	\$ 579,300	\$ 556,147	\$ 542,543
Overtime	500	500	-	-
Workers' compensation	1,400	1,400	1,400	1,300
Medical insurance	168,600	168,600	168,600	157,200
IMRF	66,400	66,400	63,417	67,813
FICA	35,900	35,900	32,307	31,889
Medicare	8,400	8,400	7,556	7,458
Water utility operations				
Salaries	3,913,500	3,913,500	3,810,976	3,669,597
Overtime	450,900	450,900	245,809	217,069
Workers' compensation	307,000	307,000	307,000	276,500
Medical insurance	857,000	857,000	857,000	824,600
IMRF	496,800	496,800	477,440	508,428
FICA	270,600	270,600	251,937	245,146
Medicare	63,300	63,300	59,024	57,406
Total personal services	7,219,600	7,219,600	6,838,613	6,606,949
CONTRACTUAL SERVICES				
Finance				
Professional service	14,000	14,000	-	13,175
Other services	130,000	130,000	181,675	175,083
Travel and training	1,000	1,000	-	-
Postage	73,400	73,400	78,286	83,297
Printing	10,000	10,000	11,806	9,741
IT service charge	67,200	67,200	67,200	57,600
Water utility operations				
Professional services	66,500	120,878	92,794	223,724
General insurance	45,900	45,900	45,900	65,000
Equipment maintenance	52,800	52,800	54,854	48,885
Radio maintenance				
Building maintenance	10,000	10,000	3,226	-
Pumping station maintenance	20,000	20,000	7,238	11,888
Sewer collection system	37,500	37,500	44,158	17,716
Water distribution system	524,800	524,800	482,116	379,497
Meter installation	300,500	300,500	217,906	300,521
Equipment rental	190,000	190,000	213,156	82,150
Utility services	296,000	296,000	361,268	381,552
Disposal services	48,000	48,000	45,643	23,139

(This statement is continued on the following pages.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
CONTRACTUAL SERVICES (Continued)				
Water utility operations (Continued)				
Other services	\$ 66,700	\$ 66,700	\$ 64,230	\$ 56,039
Dues	5,000	5,000	5,289	5,244
Travel and training	20,900	20,900	16,423	9,869
Postage	1,500	1,500	2,070	1,394
Printing	6,000	6,000	1,232	98
Annual consumer report	3,000	3,000	985	1,957
Service charge	192,600	192,600	192,600	178,000
Claims and refunds	10,000	10,000	8,666	-
Vehicle/equipment lease charge	567,500	567,500	567,400	530,900
Telephone services	52,100	52,100	59,256	64,809
Total contractual services	2,812,900	2,867,278	2,825,377	2,721,278
NORTHWEST WATER COMMISSION	4,100,000	4,100,000	4,177,840	4,013,462
COMMODITIES				
Finance				
Office supplies and equipment	500	500	12	18
Water utility operations				
Publications and periodicals	500	500	-	-
Office supplies and equipment	5,200	5,200	5,373	1,629
Data system supplies	7,200	7,200	920	350
Clothing	24,700	24,700	23,845	21,245
Petroleum products	72,300	72,300	122,139	73,061
Water distribution supplies	166,000	166,000	141,616	154,715
Meter/backflow devices	152,000	176,129	337,329	129,383
Pumping and storage supplies	25,000	25,000	23,576	27,192
Sewer collection supplies	30,000	30,000	27,892	27,726
Agricultural supplies	10,000	10,000	12,262	1,539
Building supplies	13,500	13,500	12,783	17,929
Chemicals	12,200	12,200	13,074	10,235
Other equipment and supplies	91,500	101,078	106,468	69,214
Small tools and equipment	15,500	15,500	12,890	14,604
Street and sidewalk supplies	125,000	125,000	136,841	81,374
Other supplies	-	-	-	11,903
Total commodities	751,100	784,807	977,020	642,117

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WATER AND SEWER FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
CHARGES FOR SERVICES				
Water utility operations				
Administrative service charge	\$ 1,876,100	\$ 1,876,100	\$ 1,876,100	\$ 1,821,500
Operating contingency	300,000	300,000	-	-
Other	-	-	53	41
Total charges for services	2,176,100	2,176,100	1,876,153	1,821,541
OTHER				
Capital outlay				
Water utility operations				
Office equipment	15,000	15,000	13,881	3,364
Other equipment	1,158,300	1,201,478	295,482	343,503
Building improvements	29,000	43,100	4,772	9,108
Construction in progress	7,647,300	7,828,237	4,791,437	4,511,926
Total other	8,849,600	9,087,815	5,105,572	4,867,901
TOTAL OPERATIONS	25,909,300	26,235,600	21,800,575	20,673,248
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized	-	-	(3,836,880)	(3,430,558)
Pension expense	-	-	(1,239,719)	(945,314)
OPEB expense	15,000	15,000	(9,203)	(11,519)
Total adjustments to GAAP Basis	15,000	15,000	(5,085,802)	(4,387,391)
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION AND AMORTIZATION - GAAP BASIS	<u>\$ 25,924,300</u>	<u>\$ 26,250,600</u>	<u>\$ 16,714,773</u>	<u>\$ 16,285,857</u>

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

Solid Waste Disposal Fund - 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 billing and collection.

Arts, Entertainment and Events Fund - to account for costs associated with Village presentations or participation in art, theatrical and new community events.

Lead Service Line Replacement Fund - to account for the costs from the state mandate eliminating all public lead water service lines by the year 2044.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION

December 31, 2022

	Solid Waste Disposal	Arts, Entertainment and Events	Lead Service Line Replacement	Total
CURRENT ASSETS				
Cash and investments	\$ 3,284,704	\$ 1,624,793	\$ 4,053,447	\$ 8,962,944
Receivables				
Customer accounts	135,211	88,135	-	223,346
Accrued interest	1,655	930	2,042	4,627
Prepaid expenses	135,193	-	-	135,193
Due from other funds	-	-	3,000,000	3,000,000
Total current assets	3,556,763	1,713,858	7,055,489	12,326,110
CAPITAL ASSETS				
Nondepreciable capital assets	-	475,200	-	475,200
Depreciable capital assets	-	2,468,354	-	2,468,354
Accumulated depreciation	-	(1,253,034)	-	(1,253,034)
Net capital assets	-	1,690,520	-	1,690,520
Total assets	3,556,763	3,404,378	7,055,489	14,016,630
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	3,556,763	3,404,378	7,055,489	14,016,630
CURRENT LIABILITIES				
Accounts payable	31,411	22,073	-	53,484
Total liabilities	31,411	22,073	-	53,484
NET POSITION				
Net investment in capital assets	-	1,690,520	-	1,690,520
Unrestricted	3,525,352	1,691,785	7,055,489	12,272,626
TOTAL NET POSITION	\$ 3,525,352	\$ 3,382,305	\$ 7,055,489	\$ 13,963,146

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

For the Year Ended December 31, 2022

	Solid Waste Disposal	Arts, Entertainment, and Events	Lead Service Line Replacement	Total
OPERATING REVENUES				
Charges for services	\$ 1,970,484	\$ 159,712	\$ -	\$ 2,130,196
Total operating revenues	1,970,484	159,712	-	2,130,196
OPERATING EXPENSES				
Operations	1,659,483	886,956	-	2,546,439
Depreciation	-	60,673	-	60,673
Total operating expenses	1,659,483	947,629	-	2,607,112
OPERATING INCOME (LOSS)	311,001	(787,917)	-	(476,916)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	43,971	22,414	55,489	121,874
Food and beverage tax	-	977,357	-	977,357
Other income	-	50	-	50
Total non-operating revenues (expenses)	43,971	999,821	55,489	1,099,281
INCOME (LOSS) BEFORE TRANSFERS	354,972	211,904	55,489	622,365
TRANSFERS				
Transfers in	-	-	3,000,000	3,000,000
Transfers (out)	(500,000)	-	-	(500,000)
Total transfers	(500,000)	-	3,000,000	2,500,000
CHANGE IN NET POSITION	(145,028)	211,904	3,055,489	3,122,365
NET POSITION, JANUARY 1	3,670,380	3,170,401	4,000,000	10,840,781
NET POSITION, DECEMBER 31	\$ 3,525,352	\$ 3,382,305	\$ 7,055,489	\$ 13,963,146

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	Solid Waste Disposal	Arts, Entertainment, and Events	Lead Service Line Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,941,300	\$ 144,075	\$ -	\$ 2,085,375
Payments to suppliers	(1,706,777)	(643,582)	-	(2,350,359)
Payments to employees	-	(221,300)	-	(221,300)
Net cash from operating activities	234,523	(720,807)	-	(486,284)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from other funds	-	-	(3,000,000)	(3,000,000)
Transfers in	-	-	3,000,000	3,000,000
Transfers (out)	(500,000)	-	-	(500,000)
Food and beverage tax receipts	-	977,357	-	977,357
Net cash from noncapital financing activities	(500,000)	977,357	-	477,357
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
None	-	-	-	-
Net cash from capital and related financing activities	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	42,451	21,536	53,447	117,434
Net cash from investing activities	42,451	21,536	53,447	117,434
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(223,026)	278,086	53,447	108,507
CASH AND CASH EQUIVALENTS, JANUARY 1	3,507,730	1,346,707	4,000,000	8,854,437
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 3,284,704	\$ 1,624,793	\$ 4,053,447	\$ 8,962,944
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 311,001	\$ (787,917)	\$ -	\$ (476,916)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	-	60,673	-	60,673
Other income	-	50	-	50
Change in assets and liabilities				
Receivables	(29,184)	(15,687)	-	(44,871)
Prepaid expenses	(6,414)	-	-	(6,414)
Accounts payable	(40,880)	22,074	-	(18,806)
NET CASH FROM OPERATING ACTIVITIES	\$ 234,523	\$ (720,807)	\$ -	\$ (486,284)

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

SOLID WASTE DISPOSAL FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 2,030,000	\$ 2,030,000	\$ 1,970,484	\$ 1,969,866
Total operating revenues	2,030,000	2,030,000	1,970,484	1,969,866
OPERATING EXPENSES				
Personal services	1,300	1,300	-	-
Operations	1,648,100	1,648,100	1,659,483	1,615,341
Total operating expenses	1,649,400	1,649,400	1,659,483	1,615,341
OPERATING INCOME	380,600	380,600	311,001	354,525
NON-OPERATING REVENUES (EXPENSES)				
Investment income	10,000	10,000	43,971	2,762
Other income	-	-	-	1,425
Total non-operating revenues (expenses)	10,000	10,000	43,971	4,187
INCOME BEFORE TRANSFERS	390,600	390,600	354,972	358,712
TRANSFERS				
Transfers (out)	(500,000)	(500,000)	(500,000)	(500,000)
Total transfers	(500,000)	(500,000)	(500,000)	(500,000)
CHANGE IN NET POSITION	<u>\$ (109,400)</u>	<u>\$ (109,400)</u>	(145,028)	(141,288)
NET POSITION, JANUARY 1			3,670,380	3,811,668
NET POSITION, DECEMBER 31			<u>\$ 3,525,352</u>	<u>\$ 3,670,380</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ARTS, ENTERTAINMENT, AND EVENTS FUND

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Special events	\$ 22,500	\$ 22,500	\$ 24,800	\$ -
Fines and fees	108,600	108,600	134,912	101,067
Total operating revenue	131,100	131,100	159,712	101,067
OPERATING EXPENSES				
Operations				
Personal services	193,100	193,100	221,300	143,759
Contractual	625,200	645,326	493,156	427,852
Commodities	88,300	88,300	103,249	69,614
Capital outlay	106,500	180,500	69,251	72,868
Depreciation	-	-	60,673	60,673
Total operating expenses	1,013,100	1,107,226	947,629	774,766
OPERATING INCOME (LOSS)	(882,000)	(976,126)	(787,917)	(673,699)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	4,500	4,500	22,414	775
Food and beverage tax	796,200	796,200	977,357	713,530
Other income	-	-	50	159
Total non-operating revenues (expenses)	800,700	800,700	999,821	714,464
INCOME (LOSS) BEFORE TRANSFERS	(81,300)	(175,426)	211,904	40,765
TRANSFERS				
Transfers in	73,400	73,400	-	650,000
Total transfers	73,400	73,400	-	650,000
CHANGE IN NET POSITION	\$ (7,900)	\$ (102,026)	211,904	690,765
NET POSITION, JANUARY 1			3,170,401	2,502,619
Prior period adjustment			-	(22,983)
NET POSITION, JANUARY 1, RESTATED			3,170,401	2,479,636
NET POSITION, DECEMBER 31			\$ 3,382,305	\$ 3,170,401

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

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

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

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

Technology Fund - to account for all costs associated with providing technology services to all departments for the operations of the Village.

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

December 31, 2022

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Technology	Fleet Operations	Total
CURRENT ASSETS						
Cash and investments	\$ 6,507,888	\$ 4,537,121	\$ 5,647,035	\$ 4,906,302	\$ 13,116,239	\$ 34,714,585
Receivables						
Accrued interest	3,283	2,286	2,827	2,490	6,596	17,482
Other	-	88,551	354,203	-	-	442,754
Prepaid items	-	-	-	18,590	791,452	810,042
Due from other funds	-	-	-	-	2,000,000	2,000,000
Inventory	-	-	-	-	292,964	292,964
Total current assets	6,511,171	4,627,958	6,004,065	4,927,382	16,207,251	38,277,827
CAPITAL ASSETS						
Depreciable capital assets	-	-	-	-	23,020,325	23,020,325
Accumulated depreciation	-	-	-	-	(16,198,826)	(16,198,826)
Net capital assets	-	-	-	-	6,821,499	6,821,499
Total assets	6,511,171	4,627,958	6,004,065	4,927,382	23,028,750	45,099,326
DEFERRED OUTFLOWS OF RESOURCES						
OPEB items	32,101	-	10,317	33,891	17,670	93,979
Total deferred outflows of resources	32,101	-	10,317	33,891	17,670	93,979
Total assets and deferred outflows of resources	6,543,272	4,627,958	6,014,382	4,961,273	23,046,420	45,193,305

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION (Continued)

December 31, 2022

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Technology	Fleet Operations	Total
CURRENT LIABILITIES						
Accounts payable	\$ 398,869	\$ 28,315	\$ 111,937	\$ 181,582	\$ 387,055	\$ 1,107,758
Accrued payroll	2,554	-	2,477	14,036	24,428	43,495
Claims payable	1,414,379	7,303	55,496	-	-	1,477,178
Unearned revenue	-	88,551	354,203	-	-	442,754
Compensated absences payable	1,072	-	2,925	7,809	14,374	26,180
Total OPEB liability	5,523	-	617	2,450	1,838	10,428
Total current liabilities	1,822,397	124,169	527,655	205,877	427,695	3,107,793
LONG-TERM LIABILITIES						
Compensated absences payable	4,287	-	11,699	31,236	57,497	104,719
Total OPEB liability	20,818	-	11,718	47,590	149,293	229,419
Total long-term liabilities	25,105	-	23,417	78,826	206,790	334,138
Total liabilities	1,847,502	124,169	551,072	284,703	634,485	3,441,931
DEFERRED INFLOWS OF RESOURCES						
OPEB items	6,762	-	4,668	24,236	22,094	57,760
Total deferred inflows of resources	6,762	-	4,668	24,236	22,094	57,760
Total liabilities and deferred inflows of resources	1,854,264	124,169	555,740	308,939	656,579	3,499,691
NET POSITION						
Net investment in capital assets	-	-	-	-	6,821,499	6,821,499
Unrestricted	4,689,008	4,503,789	5,458,642	4,652,334	15,568,342	34,872,115
TOTAL NET POSITION	\$ 4,689,008	\$ 4,503,789	\$ 5,458,642	\$ 4,652,334	\$ 22,389,841	\$ 41,693,614

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended December 31, 2022

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Technology	Fleet Operations	Total
OPERATING REVENUES						
Charges for services	\$ 11,018,900	\$ 601,800	\$ 2,514,800	\$ 2,334,200	\$ 3,773,748	\$ 20,243,448
Contributions	2,705,621	-	-	-	-	2,705,621
Fines	-	-	-	-	15,371	15,371
Miscellaneous	-	-	-	-	218,792	218,792
Total operating revenues	13,724,521	601,800	2,514,800	2,334,200	4,007,911	23,183,232
OPERATING EXPENSES						
Personal services	165,710	-	163,920	908,179	1,598,060	2,835,869
Contractual services	5,267,005	378,476	1,167,002	681,100	356,877	7,850,460
Commodities	500	-	1,014	105,298	546,226	653,038
Insurance claims	8,291,924	185,771	1,107,429	-	-	9,585,124
Supplies	-	-	-	905,778	-	905,778
Total operating expenses	13,725,139	564,247	2,439,365	2,600,355	2,501,163	21,830,269
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(618)	37,553	75,435	(266,155)	1,506,748	1,352,963
Depreciation	-	-	-	-	1,343,901	1,343,901
OPERATING INCOME (LOSS)	(618)	37,553	75,435	(266,155)	162,847	9,062
NONOPERATING REVENUES (EXPENSES)						
Investment income	82,239	57,412	68,964	64,939	163,980	437,534
Other income	1,930	10,329	163,029	8,756	6,828	190,872
Total nonoperating revenues (expenses)	84,169	67,741	231,993	73,695	170,808	628,406
INCOME BEFORE TRANSFERS	83,551	105,294	307,428	(192,460)	333,655	637,468

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (Continued)

For the Year Ended December 31, 2022

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Technology	Fleet Operations	Total
TRANSFERS						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 4,500,000	\$ 4,500,000
Total transfers	-	-	-	-	4,500,000	4,500,000
CHANGE IN NET POSITION	83,551	105,294	307,428	(192,460)	4,833,655	5,137,468
NET POSITION, JANUARY 1	4,605,457	4,398,495	5,151,214	4,844,794	17,556,186	36,556,146
NET POSITION, DECEMBER 31	<u>\$ 4,689,008</u>	<u>\$ 4,503,789</u>	<u>\$ 5,458,642</u>	<u>\$ 4,652,334</u>	<u>\$ 22,389,841</u>	<u>\$ 41,693,614</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Technology	Fleet Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 2,707,551	\$ -	\$ -	-	-	\$ 2,707,551
Receipts from interfund services	11,018,900	610,923	2,762,762	2,342,956	4,014,739	20,750,280
Payments to suppliers	(13,465,184)	(581,353)	(2,430,255)	(1,613,851)	(1,371,753)	(19,462,396)
Payments to employees	(164,368)	-	(161,216)	(909,652)	(1,596,267)	(2,831,503)
Net cash from operating activities	96,899	29,570	171,291	(180,547)	1,046,719	1,163,932
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Due from other funds	-	-	-	-	(2,000,000)	(2,000,000)
Transfers in	-	-	-	-	4,500,000	4,500,000
Net cash from noncapital financing activities	-	-	-	-	2,500,000	2,500,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital assets purchased	-	-	-	-	(619,188)	(619,188)
Net cash from capital and related financing activities	-	-	-	-	(619,188)	(619,188)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	79,200	55,297	66,343	62,642	157,724	421,206
Net cash from investing activities	79,200	55,297	66,343	62,642	157,724	421,206
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	176,099	84,867	237,634	(117,905)	3,085,255	3,465,950
CASH AND CASH EQUIVALENTS, JANUARY 1	6,331,789	4,452,254	5,409,401	5,024,207	10,030,984	31,248,635
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 6,507,888	\$ 4,537,121	\$ 5,647,035	4,906,302	13,116,239	\$ 34,714,585

(This statement is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2022

	Health and Life Insurance	General Liability Insurance	Workers' Compensation	Technology	Fleet Operations	Total
RECONCILIATION OF OPERATING (LOSS)						
INCOME TO NET CASH FLOWS						
FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (618)	\$ 37,553	\$ 75,435	\$ (266,155)	\$ 162,847	\$ 9,062
Depreciation	-	-	-	-	1,343,901	1,343,901
Other income	1,930	10,329	163,029	8,756	6,828	190,872
Adjustments to reconcile operating income to net cash from operating activities						
Change in assets and liabilities						
Inventories	-	-	-	-	(24,563)	(24,563)
Accounts receivable	-	1,206	(84,933)	-	-	(83,727)
Prepaid expenses	8,048	-	-	(18,590)	(791,452)	(801,994)
Accounts payable	78,627	(8,401)	93,152	96,915	347,365	607,658
Accrued payroll	36	-	129	170	(1,824)	(1,489)
Unearned revenue	-	(1,206)	84,933	-	-	83,727
Compensated absences payable	1,177	-	1,102	(8,756)	(6,828)	(13,305)
OPEB items	129	-	1,473	7,113	10,445	19,160
Claims payable	7,570	(9,911)	(163,029)	-	-	(165,370)
NET CASH FROM OPERATING ACTIVITIES	\$ 96,899	\$ 29,570	\$ 171,291	(180,547)	1,046,719	\$ 1,163,932

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

HEALTH AND LIFE INSURANCE FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 11,018,900	\$ 11,018,900	\$ 11,018,900	\$ 10,566,500
Contributions	2,933,500	2,933,500	2,705,621	2,325,110
Total operating revenues	13,952,400	13,952,400	13,724,521	12,891,610
OPERATING EXPENSES				
Personal services	630,000	630,000	165,710	156,956
Contractual services	5,419,100	5,419,100	5,267,005	5,226,459
Commodities	500	500	500	126
Insurance claims	8,016,000	8,016,000	8,291,924	7,494,249
Total operating expenses	14,065,600	14,065,600	13,725,139	12,877,790
OPERATING INCOME (LOSS)	(113,200)	(113,200)	(618)	13,820
NON-OPERATING REVENUES (EXPENSES)				
Investment income	22,000	22,000	82,239	4,648
Other income	-	-	1,930	112,664
Total non-operating revenues (expenses)	22,000	22,000	84,169	117,312
CHANGE IN NET POSITION	<u>\$ (91,200)</u>	<u>\$ (91,200)</u>	83,551	131,132
NET POSITION, JANUARY 1			4,605,457	4,474,325
NET POSITION, DECEMBER 31			<u>\$ 4,689,008</u>	<u>\$ 4,605,457</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

GENERAL LIABILITY INSURANCE FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 601,800	\$ 601,800	\$ 601,800	\$ 851,800
Total operating revenues	601,800	601,800	601,800	851,800
OPERATING EXPENSES				
Contractual services	373,000	381,500	378,476	336,952
Insurance claims	250,000	250,000	185,771	285,659
Total operating expenses	623,000	631,500	564,247	622,611
OPERATING INCOME (LOSS)	(21,200)	(29,700)	37,553	229,189
NON-OPERATING REVENUES (EXPENSES)				
Investment income	24,000	24,000	57,412	3,170
Other	-	-	10,329	20,399
Total non-operating revenues (expenses)	24,000	24,000	67,741	23,569
CHANGE IN NET POSITION	<u>\$ 2,800</u>	<u>\$ (5,700)</u>	105,294	252,758
NET POSITION, JANUARY 1			4,398,495	4,145,737
NET POSITION, DECEMBER 31			<u>\$ 4,503,789</u>	<u>\$ 4,398,495</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

WORKERS' COMPENSATION FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 2,514,800	\$ 2,514,800	\$ 2,514,800	\$ 2,264,800
Total operating revenues	2,514,800	2,514,800	2,514,800	2,264,800
OPERATING EXPENSES				
Personal services	185,600	185,600	163,920	160,776
Contractual services	1,147,500	1,172,500	1,167,002	1,039,901
Commodities	1,600	1,600	1,014	1,958
Insurance claims	1,475,000	1,475,000	1,107,429	507,226
Total operating expenses	2,809,700	2,834,700	2,439,365	1,709,861
OPERATING INCOME (LOSS)	(294,900)	(319,900)	75,435	554,939
NON-OPERATING REVENUES (EXPENSES)				
Investment income	24,000	24,000	68,964	3,618
Other	-	-	163,029	10,979
Total non-operating revenues (expenses)	24,000	24,000	231,993	14,597
CHANGE IN NET POSITION	<u>\$ (270,900)</u>	<u>\$ (295,900)</u>	307,428	569,536
NET POSITION, JANUARY 1			<u>5,151,214</u>	<u>4,581,678</u>
NET POSITION, DECEMBER 31			<u><u>\$ 5,458,642</u></u>	<u><u>\$ 5,151,214</u></u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TECHNOLOGY FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 2,334,200	\$ 2,334,200	\$ 2,334,200	\$ 1,885,600
Total operating revenues	2,334,200	2,334,200	2,334,200	1,885,600
OPERATING EXPENSES				
Operations				
Personal services	1,028,600	1,028,600	908,179	832,193
Contractual services	1,221,900	1,288,400	681,100	635,486
Commodities	71,000	76,250	105,298	75,487
Capital outlay	241,800	3,299,571	905,778	246,768
Total operating expenses	2,563,300	5,692,821	2,600,355	1,789,934
OPERATING INCOME (LOSS)	(229,100)	(3,358,621)	(266,155)	95,666
NON-OPERATING REVENUES (EXPENSES)				
Investment income	6,000	6,000	64,939	3,011
Other income	-	-	8,756	5,522
Total non-operating revenues (expenses)	6,000	6,000	73,695	8,533
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(223,100)	(3,352,621)	(192,460)	104,199
TRANSFERS				
Transfers in	-	-	-	2,000,000
Total transfers	-	-	-	2,000,000
CHANGE IN NET POSITION	\$ (223,100)	\$ (3,352,621)	(192,460)	2,104,199
NET POSITION, JANUARY 1			4,844,794	2,774,469
Prior period adjustment			-	(33,874)
NET POSITION, JANUARY 1, RESTATED			4,844,794	2,740,595
NET POSITION, DECEMBER 31			<u>\$ 4,652,334</u>	<u>\$ 4,844,794</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLEET OPERATIONS FUND

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL**

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for services	\$ 3,773,700	\$ 3,773,700	\$ 3,773,748	\$ 3,697,300
Fines	20,000	20,000	15,371	13,542
Miscellaneous	130,000	130,000	218,792	263,097
Total operating revenues	3,923,700	3,923,700	4,007,911	3,973,939
OPERATING EXPENSES				
Personal services	1,673,500	1,673,500	1,598,060	1,626,904
Contractual services	406,500	420,100	356,877	329,698
Commodities	389,400	389,400	546,226	406,377
Capital outlay	2,562,100	3,070,628	-	-
Total operating expenses	5,031,500	5,553,628	2,501,163	2,362,979
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,107,800)	(1,629,928)	1,506,748	1,610,960
Depreciation	-	-	1,343,901	1,474,531
OPERATING INCOME (LOSS)	(1,107,800)	(1,629,928)	162,847	136,429
NON-OPERATING REVENUES (EXPENSES)				
Investment income	54,000	54,000	163,980	6,465
Loss on disposal of capital assets	-	-	-	(1,702)
Other income	-	-	6,828	20,242
Total non-operating revenues (expenses)	54,000	54,000	170,808	25,005
INCOME BEFORE TRANSFERS	(1,053,800)	(1,575,928)	333,655	161,434
TRANSFERS				
Transfers in	2,500,000	2,500,000	4,500,000	1,200,000
Total transfers	2,500,000	2,500,000	4,500,000	1,200,000
CHANGE IN NET POSITION	<u>\$ 1,446,200</u>	<u>\$ 924,072</u>	4,833,655	1,361,434
NET POSITION, JANUARY 1			17,556,186	16,194,752
NET POSITION, DECEMBER 31			<u>\$ 22,389,841</u>	<u>\$ 17,556,186</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLEET OPERATIONS FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
PERSONAL SERVICES				
Salaries	\$ 1,115,200	\$ 1,115,200	\$ 1,070,860	\$ 1,074,532
Overtime	61,500	61,500	40,883	60,728
Workers' compensation	59,000	59,000	59,000	53,100
Medical insurance	212,900	212,900	212,900	204,900
IMRF	129,800	129,800	122,664	138,259
Social Security	73,000	73,000	65,897	68,357
Medicare	17,100	17,100	15,411	15,987
OPEB expense	5,000	5,000	10,445	11,041
Total personal services	1,673,500	1,673,500	1,598,060	1,626,904
CONTRACTUAL SERVICES				
Equipment maintenance	25,200	38,800	32,380	63,523
Radio maintenance	250,000	-	-	-
Vehicle equipment maintenance	-	250,000	225,191	170,743
Building improvements	-	-	-	29,859
Vehicle damage	35,000	35,000	32,847	8,004
Equipment rental	2,500	2,500	2,064	2,215
Disposal services	2,000	2,000	1,854	1,752
Other services	-	-	-	802
Dues	1,500	1,500	1,373	2,072
Travel and training	5,400	5,400	6,879	4,104
Postage	300	300	89	124
Printing	400	400	-	-
IT/GIS service charge	40,000	40,000	40,000	34,700
Vehicle and equipment lease charge	14,200	14,200	14,200	11,800
Operating contingency	30,000	30,000	-	-
Total contractual services	406,500	420,100	356,877	329,698

(This schedule is continued on the following page.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FLEET OPERATIONS FUND

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
COMMODITIES				
Publications and periodicals	\$ 100	\$ 100	\$ 40	\$ 126
Office supplies and equipment	500	500	519	121
Clothing	6,400	6,400	6,433	6,980
Petroleum products	2,600	2,600	3,361	23,484
Non Village fuel resale	99,000	99,000	130,684	65,705
Vehicle maintenance supplies	262,500	262,500	383,537	297,856
Other equipment and supplies	14,100	14,100	16,843	8,716
Small tools and equipment	4,200	4,200	4,801	3,389
Other supplies	-	-	8	-
Total commodities	389,400	389,400	546,226	406,377
CAPITAL OUTLAY	2,562,100	3,070,628	619,188	1,080,348
TOTAL OPERATIONS	\$ 5,031,500	\$ 5,553,628	3,120,351	3,443,327
ADJUSTMENTS TO GAAP BASIS				
Assets capitalized			(619,188)	(1,080,348)
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION - GAAP BASIS			\$ 2,501,163	\$ 2,362,979

(See independent auditor's report.)

FIDUCIARY FUNDS

Police Pension Fund

This 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, employee contributions, and investment income.

Firefighters' Pension Fund

This fund is used to account for the resources necessary to provide retirement and disability benefits to personnel of the Arlington Heights Fire Department. Revenues are provided by the following: Village contributions, employee contributions, and investment income.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PENSION TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

December 31, 2022

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 6,890,262	\$ 4,314,748	\$ 11,205,010
Investments			
U.S. Government and agency obligations	30,373,647	-	30,373,647
Equity securities	35,450,827	-	35,450,827
Mutual funds	67,677,837	-	67,677,837
Corporate bonds	15,646,669	-	15,646,669
Municipal bonds	727,372	-	727,372
Investments Held in the Illinois Firefighters'			
Pension Investment Fund	-	120,136,304	120,136,304
Receivables			
Accrued interest	345,478	-	345,478
Other	98,076	-	98,076
Due from other funds	2,888,345	3,058,216	5,946,561
Total assets	160,098,513	127,509,268	287,607,781
LIABILITIES			
Accounts payable	116,497	30,552	147,049
Deferred revenue	22,112	-	22,112
Total liabilities	138,609	30,552	169,161
NET POSITION RESTRICTED FOR PENSIONS	\$ 159,959,904	\$ 127,478,716	\$ 287,438,620

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2022

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 6,114,000	\$ 6,962,000	\$ 13,076,000
Participants	1,224,154	1,168,906	2,393,060
Other	873,309	-	873,309
	<u>8,211,463</u>	<u>8,130,906</u>	<u>16,342,369</u>
Total contributions			
Investment income			
Net depreciation in fair value of investments	(26,442,944)	(22,206,916)	(48,649,860)
Interest income	3,123,746	905,769	4,029,515
	<u>(23,319,198)</u>	<u>(21,301,147)</u>	<u>(44,620,345)</u>
Subtotal			
Less investment expense	(378,169)	(74,280)	(452,449)
	<u>(23,697,367)</u>	<u>(21,375,427)</u>	<u>(45,072,794)</u>
Net investment income			
Total additions	<u>(15,485,904)</u>	<u>(13,244,521)</u>	<u>(28,730,425)</u>
DEDUCTIONS			
Administrative	31,926	129,528	161,454
Pension benefits and refunds	10,296,202	8,508,695	18,804,897
	<u>10,328,128</u>	<u>8,638,223</u>	<u>18,966,351</u>
Total deductions			
NET DECREASE	(25,814,032)	(21,882,744)	(47,696,776)
NET POSITION RESTRICTED FOR PENSION BENEFITS			
January 1	<u>185,773,936</u>	<u>149,361,460</u>	<u>335,135,396</u>
December 31	<u>\$ 159,959,904</u>	<u>\$ 127,478,716</u>	<u>\$ 287,438,620</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2022
(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer	\$ 4,114,000	\$ 4,114,000	\$ 6,114,000	\$ 4,073,000
Plan members	1,200,000	1,200,000	1,224,154	1,146,864
Other	-	-	873,309	530,584
Total contributions	5,314,000	5,314,000	8,211,463	5,750,448
Investment income				
Net appreciation (depreciation) in fair value of investments	2,000,000	2,000,000	(26,442,944)	24,222,162
Interest earned	2,700,000	2,700,000	3,123,746	2,737,593
Subtotal	4,700,000	4,700,000	(23,319,198)	26,959,755
Less investment expense	(53,000)	(53,000)	(378,169)	(384,784)
Net investment income	4,647,000	4,647,000	(23,697,367)	26,574,971
Total additions	9,961,000	9,961,000	(15,485,904)	32,325,419
DEDUCTIONS				
Administrative	55,100	55,100	31,926	52,684
Pension benefits and refunds	10,727,400	10,727,400	10,296,202	9,658,478
Total deductions	10,782,500	10,782,500	10,328,128	9,711,162
NET INCREASE (DECREASE)	<u>\$ (821,500)</u>	<u>\$ (821,500)</u>	(25,814,032)	22,614,257
NET POSITION RESTRICTED FOR PENSION BENEFITS				
January 1			185,773,936	163,159,679
December 31			<u>\$ 159,959,904</u>	<u>\$ 185,773,936</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL

For the Year Ended December 31, 2022

(with comparative actual)

	2022			2021
	Original Budget	Final Budget	Actual	Actual
ADDITIONS				
Contributions				
Employer	\$ 4,962,000	\$ 4,962,000	\$ 6,962,000	\$ 4,913,000
Plan members	1,100,000	1,100,000	1,168,906	1,145,403
Other	-	-	-	94,381
Total contributions	6,062,000	6,062,000	8,130,906	6,152,784
Investment income				
Net appreciation (depreciation) in fair value in investments	2,000,000	2,000,000	(22,206,916)	12,551,814
Interest earned	1,800,000	1,800,000	905,769	2,692,346
Subtotal	3,800,000	3,800,000	(21,301,147)	15,244,160
Less investment expense	(26,000)	(26,000)	(74,280)	(247,889)
Net investment income	3,774,000	3,774,000	(21,375,427)	14,996,271
Total additions	9,836,000	9,836,000	(13,244,521)	21,149,055
DEDUCTIONS				
Administrative	59,700	72,700	129,528	73,219
Pension benefits and refunds	8,452,800	8,612,800	8,508,695	7,913,187
Total deductions	8,512,500	8,685,500	8,638,223	7,986,406
NET INCREASE (DECREASE)	<u>\$ 1,323,500</u>	<u>\$ 1,150,500</u>	(21,882,744)	13,162,649
NET POSITION RESTRICTED FOR PENSION BENEFITS				
January 1			149,361,460	136,198,811
December 31			<u>\$ 127,478,716</u>	<u>\$ 149,361,460</u>

(See independent auditor's report.)

CONSOLIDATED YEAR END FINANCIAL REPORT

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended December 31, 2022

CSFA Number	Program Name	State	Federal	Other	Total
494-00-2356	Local REBUILD ILLINOIS Bond Program	\$ 2,689,659	\$ -	\$ -	\$ 2,689,659
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	100,704	-	100,704
546-00-1705	Community-Law Enforcement and Other First Responder Partnership for Deflection & Substance Abuse Disorder Treatment	-	50,769	-	50,769
546-00-1745	Victims of Crime Act (VOCA)	-	83,258	-	83,258
	Other grant programs and activities	-	1,943,684	-	1,943,684
	All other costs not allocated	-	-	114,725,955	114,725,955
	Totals	<u>\$ 2,689,659</u>	<u>\$ 2,178,415</u>	<u>\$ 114,725,955</u>	<u>\$ 119,594,029</u>

(See independent auditor's report.)

SUPPLEMENTAL INFORMATION

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2016

December 31, 2022

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% to 4%
Paying Agent	Depository Trust Company
Purpose of Issue	Construction of new police station
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
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>\$ 26,170,000</u>	<u>\$ 7,583,200</u>	<u>\$ 33,753,200</u>		<u>\$ 3,791,600</u>		<u>\$ 3,791,600</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2018

December 31, 2022

Date of Issue	September 11, 2018
Date of Maturity	December 1, 2038
Authorized Issue	\$9,530,000
Denomination of Bonds	\$5,000
Interest Rates	3.50% to 5.00%
Paying Agent	UMB Bank, National Association, St. Louis MO
Purpose of Issue	Various capital improvements
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2022	\$ 375,000	\$ 317,900	\$ 692,900	2023	\$ 158,950	2023	\$ 158,950
2023	390,000	299,150	689,150	2024	149,575	2024	149,575
2024	410,000	279,650	689,650	2025	139,825	2025	139,825
2025	435,000	259,150	694,150	2026	129,575	2026	129,575
2026	455,000	237,400	692,400	2027	118,700	2027	118,700
2027	470,000	221,475	691,475	2028	110,738	2028	110,737
2028	485,000	205,025	690,025	2029	102,513	2029	102,512
2029	505,000	188,050	693,050	2030	94,025	2030	94,025
2030	520,000	170,375	690,375	2031	85,188	2031	85,187
2031	540,000	152,175	692,175	2032	76,088	2032	76,087
2032	560,000	133,275	693,275	2033	66,638	2033	66,637
2033	580,000	113,675	693,675	2034	56,838	2034	56,837
2034	600,000	93,375	693,375	2035	46,688	2035	46,687
2035	620,000	72,375	692,375	2036	36,188	2036	36,187
2036	645,000	49,125	694,125	2037	24,563	2037	24,562
2037	665,000	24,937	689,937	2038	12,469	2038	12,468
	<u>\$ 8,255,000</u>	<u>\$ 2,817,112</u>	<u>\$ 11,072,112</u>		<u>\$ 1,408,561</u>		<u>\$ 1,408,551</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

December 31, 2022

Date of Issue	September 18, 2019
Date of Maturity	December 1, 2026
Authorized Issue	\$7,985,000
Denomination of Bonds	\$5,000
Interest Rates	1.515%
Paying Agent	Depository Trust Company
Purpose of Issue	Partial refunding of 2011, Public Buildings Projects
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2022	\$ 2,185,000	\$ 367,250	\$ 2,552,250	2023	\$ 183,625	2023	\$ 183,625
2023	2,265,000	258,000	2,523,000	2024	129,000	2024	129,000
2024	1,650,000	144,750	1,794,750	2025	72,375	2025	72,375
2025	1,245,000	62,250	1,307,250	2026	31,125	2026	31,125
	<u>\$ 7,345,000</u>	<u>\$ 832,250</u>	<u>\$ 8,177,250</u>		<u>\$ 416,125</u>		<u>\$ 416,125</u>

(See independent auditor's report.)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION BONDS, SERIES 2020

December 31, 2022

Date of Issue	September 2, 2020
Date of Maturity	December 1, 2030
Authorized Issue	\$11,650,000
Denomination of Bonds	\$5,000
Interest Rates	4%
Paying Agent	UMB Bank, National Association, St. Louis MO
Purpose of Issue	Capital projects
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	December 1	Amount
2022	\$ 1,130,000	\$ 393,400	\$ 1,523,400	2023	\$ 196,700	2023	\$ 196,700
2023	1,175,000	348,200	1,523,200	2024	174,100	2024	174,100
2024	695,000	301,200	996,200	2025	150,600	2025	150,600
2025	670,000	273,400	943,400	2026	136,700	2026	136,700
2026	1,815,000	246,600	2,061,600	2027	123,300	2027	123,300
2027	1,890,000	174,000	2,064,000	2028	87,000	2028	87,000
2028	1,960,000	98,400	2,058,400	2029	49,200	2029	49,200
2029	500,000	20,000	520,000	2030	10,000	2030	10,000
	<u>\$ 9,835,000</u>	<u>\$ 1,855,200</u>	<u>\$ 11,690,200</u>		<u>\$ 927,600</u>		<u>\$ 927,600</u>

(See independent auditor's report.)

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Arlington Heights' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information displays about the Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	149-160
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	161-164
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.	165-168
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.	169-170
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.	171-173

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	4/30/2014	4/30/2015	12/31/2015*	12/31/2016
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 127,435,505	\$ 126,928,744	\$ 134,100,576	\$ 142,096,216
Restricted	16,796,342	23,943,432	21,979,506	18,509,205
Unrestricted	45,211,400	44,627,697	(41,302,760)	(39,209,690)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 189,443,247	\$ 195,499,873	\$ 114,777,322	\$ 121,395,731
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 30,288,702	\$ 28,889,101	\$ 27,613,381	\$ 26,986,838
Restricted	-	-	-	-
Unrestricted	23,285,911	22,803,814	22,200,989	19,093,045
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 53,574,613	\$ 51,692,915	\$ 49,814,370	\$ 46,079,883
PRIMARY GOVERNMENT				
Net investment in capital assets***	\$ 157,724,207	\$ 155,817,845	\$ 161,713,957	\$ 169,083,054
Restricted	16,796,342	23,943,432	21,979,506	18,509,205
Unrestricted	68,497,311	67,431,511	(19,101,771)	(20,116,645)
TOTAL PRIMARY GOVERNMENT	\$ 243,017,860	\$ 247,192,788	\$ 164,591,692	\$ 167,475,614

*The Village implemented GASB Statement No. 68 for the fiscal period ended December 31, 2015.

**The Village implemented GASB Statement No. 75 for the fiscal period ended December 31, 2018.

***General Obligation Bonds Series 2020 were issued as governmental activities debt to fund capital asset acquisitions for the business-type activities. Therefore, the total column includes the outstanding balance for these bonds (including unamortized premium and unspent proceeds), while the governmental activities column does not include these amounts in the calculation of the net investment in capital assets.

Data Source

Audited Financial Statements

12/31/2017	12/31/2018**	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 149,053,177	\$ 152,560,713	\$ 155,122,107	\$ 154,273,910	\$ 161,981,905	\$ 167,868,942
24,218,253	28,327,246	35,183,379	34,208,521	42,337,453	30,845,551
(44,770,477)	(59,581,979)	(56,415,754)	(40,467,843)	(31,283,970)	(8,640,468)
\$ 128,500,953	\$ 121,305,980	\$ 133,889,732	\$ 148,014,588	\$ 173,035,388	\$ 190,074,025
\$ 27,007,689	\$ 26,289,779	\$ 29,772,932	\$ 32,517,538	\$ 36,802,195	\$ 43,120,419
-	-	-	-	-	-
20,027,518	21,386,688	19,819,331	28,575,496	38,148,156	44,631,665
\$ 47,035,207	\$ 47,676,467	\$ 49,592,263	\$ 61,093,034	\$ 74,950,351	\$ 87,752,084
\$ 176,060,866	\$ 178,850,492	\$ 184,895,039	\$ 186,791,448	\$ 198,784,100	\$ 199,386,764
24,218,253	28,327,246	35,183,379	34,208,521	42,337,453	30,845,551
(24,742,959)	(38,195,291)	(36,596,423)	(11,892,347)	6,864,186	47,593,794
\$ 175,536,160	\$ 168,982,447	\$ 183,481,995	\$ 209,107,622	\$ 247,985,739	\$ 277,826,109

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	4/30/2014	4/30/2015	12/31/2015	12/31/2016
EXPENSES				
Governmental activities				
General government	\$ 5,194,272	\$ 6,959,759	\$ 5,640,281	\$ 3,445,379
Public safety	43,866,734	44,806,959	42,999,869	48,437,685
Highways and streets	23,532,913	22,995,777	11,731,508	20,548,648
Community development	2,642,799	2,288,259	2,951,484	7,143,680
Health and welfare	5,337,880	5,878,038	4,396,910	3,130,134
Interest	1,563,358	1,532,740	888,689	2,097,362
Total governmental activities expenses	82,137,956	84,461,532	68,608,741	84,802,888
Business-type activities				
Water and sewer	15,537,127	16,252,073	12,744,878	21,138,874
Solid waste disposal	1,230,310	1,274,638	961,329	1,117,379
Arts, entertainment, and events	698,518	991,928	570,146	752,236
Total business-type activities expenses	17,465,955	18,518,639	14,276,353	23,008,489
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 99,603,911	\$ 102,980,171	\$ 82,885,094	\$ 107,811,377
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 4,337,694	\$ 4,129,774	\$ 3,105,322	\$ 4,637,586
Public safety	3,050,316	3,072,951	2,088,265	2,979,377
Highways and streets	3,253,819	3,213,901	2,322,624	3,218,925
Community development	31,751	43,722	22,680	1,592,920
Health and welfare	1,375,624	1,474,210	1,055,370	22,905
Operating grants and contributions	2,787,401	4,662,077	1,834,378	-
Capital grants and contributions	1,501,300	133,187	-	2,464,157
Total governmental activities program revenues	16,337,905	16,729,822	10,428,639	14,915,870
Business-type activities				
Charges for services				
Water and sewer	14,232,051	14,125,562	10,323,750	17,256,513
Solid waste disposal	1,575,908	1,759,911	1,310,604	1,676,467
Art, entertainment, and events	149,351	54,851	85,288	130,121
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	15,957,310	15,940,324	11,719,642	19,063,101
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 32,295,215	\$ 32,670,146	\$ 22,148,281	\$ 33,978,971
NET REVENUE (EXPENSE)				
Governmental activities	\$ (65,800,051)	\$ (67,731,710)	\$ (58,180,102)	\$ (69,887,018)
Business-type activities	(1,508,645)	(2,578,315)	(2,556,711)	(3,945,388)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (67,308,696)	\$ (70,310,025)	\$ (60,736,813)	\$ (73,832,406)

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 5,608,591	\$ 6,495,468	\$ 5,364,493	\$ 3,600,858	\$ 4,214,032	\$ 4,576,247
46,568,027	49,573,397	49,917,159	42,532,970	41,568,604	60,741,249
19,554,637	25,126,598	25,021,840	22,991,086	23,098,121	23,621,473
8,003,031	2,312,172	5,212,443	5,156,663	5,098,029	4,855,162
4,031,072	7,010,034	2,424,569	2,265,578	2,212,596	3,033,550
1,971,409	1,881,323	2,366,030	1,887,498	1,870,744	1,628,720
85,736,767	92,398,992	90,306,534	78,434,653	78,062,126	98,456,401
18,016,038	18,246,576	17,931,202	19,409,330	17,909,075	18,530,516
1,283,229	1,468,304	1,577,690	1,522,125	1,615,341	1,659,483
876,108	820,253	887,553	453,799	774,766	947,629
20,175,375	20,535,133	20,396,445	21,385,254	20,299,182	21,137,628
\$ 105,912,142	\$ 112,934,125	\$ 110,702,979	\$ 99,819,907	\$ 98,361,308	\$ 119,594,029
\$ 4,356,699	\$ 4,649,160	\$ 6,347,691	\$ 4,912,266	\$ 5,638,509	\$ 5,773,760
2,963,757	3,760,239	3,985,006	3,456,755	4,582,496	5,297,823
3,885,739	5,238,289	1,397,660	941,971	801,674	785,523
1,575,254	16,692	2,056,866	1,918,652	2,101,097	2,217,759
21,214	1,479,730	42,343	37,889	54,715	56,171
2,605,115	2,757,894	3,340,537	5,854,802	4,559,833	4,378,182
875,699	297,950	1,970,000	-	4,149,817	2,418,215
16,283,477	18,199,954	19,140,103	17,122,335	21,888,141	20,927,433
18,858,921	18,967,266	19,259,539	20,769,646	21,711,866	22,024,055
1,946,842	1,892,921	1,965,249	1,915,616	1,969,866	1,970,484
126,166	131,426	135,258	73,690	101,067	159,712
-	-	-	24,154,251	3,102,920	4,322,762
20,931,929	20,991,613	21,360,046	46,913,203	26,885,719	28,477,013
\$ 37,215,406	\$ 39,191,567	\$ 40,500,149	\$ 64,035,538	\$ 48,773,860	\$ 49,404,446
\$ (69,453,290)	\$ (74,199,038)	\$ (71,166,431)	\$ (61,312,318)	\$ (56,173,985)	\$ (77,528,968)
756,554	456,480	963,601	25,527,949	6,586,537	7,339,385
\$ (68,696,736)	\$ (73,742,558)	\$ (70,202,830)	\$ (35,784,369)	\$ (49,587,448)	\$ (70,189,583)

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	4/30/2014	4/30/2015	12/31/2015	12/31/2016
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 30,637,670	\$ 31,550,695	\$ 31,960,632	\$ 33,774,122
Utility	5,805,227	5,499,718	2,827,748	5,195,181
Home rule sales	7,033,558	7,310,625	5,097,810	6,999,693
Food and beverage	1,881,211	2,003,859	1,437,299	1,944,185
Hotel	968,827	1,032,228	777,052	1,096,755
Telecommunications	3,244,472	3,199,974	2,037,305	3,116,898
Foreign fire insurance	146,650	134,186	137,450	129,877
Other	313,140	320,071	286,444	335,157
Intergovernmental				
Sales	11,488,156	12,060,996	8,423,387	12,377,718
Use	1,340,067	1,520,258	1,147,270	1,807,251
Replacement	466,766	454,992	283,613	430,829
ARPA	-	-	-	-
Shared income tax	7,318,303	7,354,986	5,254,518	7,310,634
Investment earnings	285,637	246,993	121,491	435,523
Miscellaneous	1,458,299	1,098,755	837,890	1,051,604
Transfers	-	-	-	500,000
Total governmental activities	72,387,983	73,788,336	60,629,909	76,505,427
Business-type activities				
Investment earnings	22,143	20,818	9,806	21,865
Food and beverage	470,918	498,638	367,339	649,046
Miscellaneous	(55,859)	177,461	300,721	39,990
Transfers	-	-	-	(500,000)
Total business-type activities	437,202	696,917	677,866	210,901
TOTAL PRIMARY GOVERNMENT	\$ 72,825,185	\$ 74,485,253	\$ 61,307,775	\$ 76,716,328
CHANGE IN NET POSITION				
Governmental activities	\$ 6,587,932	\$ 6,056,626	\$ 2,449,807	\$ 6,618,409
Business-type activities	(1,071,443)	(1,881,398)	(1,878,845)	(3,734,487)
TOTAL PRIMARY GOVERNMENT	\$ 5,516,489	\$ 4,175,228	\$ 570,962	\$ 2,883,922

Data Source

Audited Financial Statements

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$	35,031,674	\$ 36,975,524	\$ 37,873,650	\$ 39,097,436	\$ 39,175,623	\$ 41,074,218
	4,988,209	5,417,711	5,220,745	4,892,355	4,943,577	4,921,899
	6,667,772	7,155,629	7,201,491	6,206,316	8,757,129	9,609,418
	1,970,860	2,076,857	2,079,454	1,577,787	2,139,900	2,301,416
	1,043,795	1,078,944	1,109,349	408,888	641,947	937,369
	2,586,731	2,437,145	2,356,604	1,868,788	1,684,735	1,651,598
	131,628	129,452	134,895	151,399	157,551	180,396
	297,053	304,679	61,304	20,109	50,558	40,442
	12,064,683	12,927,772	12,914,676	12,480,915	15,162,957	15,993,182
	2,027,665	2,027,665	2,488,121	3,290,912	2,961,695	3,151,457
	464,689	422,905	523,154	470,094	816,967	1,652,822
	-	-	-	-	-	1,463,626
	6,897,965	7,192,128	7,993,678	8,161,144	9,939,827	12,657,093
	828,070	1,616,187	1,720,017	410,745	75,345	1,341,626
	1,057,718	2,006,603	1,638,848	4,116,654	1,730,316	1,291,043
	500,000	479,988	434,197	(8,545,232)	(6,650,000)	(3,700,000)
	76,558,512	82,249,189	83,750,183	74,608,310	81,588,127	94,567,605
	41,816	93,529	139,045	25,914	14,898	335,812
	656,954	692,286	693,535	519,327	713,530	977,357
	-	499,882	553,812	794,733	492,282	449,179
	(500,000)	(479,988)	(434,197)	8,545,232	6,650,000	3,700,000
	198,770	805,709	952,195	9,885,206	7,870,710	5,462,348
\$	76,757,282	\$ 83,054,898	\$ 84,702,378	\$ 84,493,516	\$ 89,458,837	\$ 100,029,953
\$	7,105,222	\$ 8,050,151	\$ 12,583,752	\$ 13,295,992	\$ 25,414,142	\$ 17,038,637
	955,324	1,262,189	1,915,796	35,413,155	14,457,247	12,801,733
\$	8,060,546	\$ 9,312,340	\$ 14,499,548	\$ 48,709,147	\$ 39,871,389	\$ 29,840,370

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	4/30/2014	4/30/2015	12/31/2015	12/31/2016
GENERAL FUND				
Nonspendable	\$ 317,836	\$ 189,328	\$ 172,973	\$ 192,691
Unrestricted				
Assigned	749,295	874,315	817,143	844,034
Unassigned	22,942,073	23,252,947	27,536,053	30,271,109
TOTAL GENERAL FUND	\$ 24,009,204	\$ 24,316,590	\$ 28,526,169	\$ 31,307,834
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ 438,742	\$ 399,794	\$ 370,479	\$ 232,130
Restricted	17,361,269	24,540,110	22,074,564	18,683,413
Unrestricted				
Assigned	9,352,188	10,270,809	13,329,568	13,329,568
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 27,152,199	\$ 35,210,713	\$ 35,774,611	\$ 32,245,111

Data Source

Audited Financial Statements

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 117,663	\$ 345,557	\$ 285,700	\$ 178,689	\$ 251,657	\$ 170,301
1,524,370	1,205,581	808,622	1,520,029	844,796	819,136
29,005,220	29,154,102	29,784,407	28,888,256	29,561,812	31,529,456
\$ 30,647,253	\$ 30,705,240	\$ 30,878,729	\$ 30,586,974	\$ 30,658,265	\$ 32,518,893
\$ 178,480	\$ 46,394	\$ 20,075	\$ 64,243	\$ 8,411	\$ -
24,378,960	37,423,894	38,005,083	47,908,521	47,458,344	30,845,551
31,177,516	8,418,536	5,486,796	6,671,873	6,077,199	25,094,365
\$ 55,734,956	\$ 45,888,824	\$ 43,511,954	\$ 54,644,637	\$ 53,543,954	\$ 55,939,916

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	4/30/2014	4/30/2015	12/31/2015	12/31/2016
REVENUES				
Taxes	\$ 49,884,105	\$ 50,917,170	\$ 44,424,290	\$ 52,461,991
Intergovernmental	20,686,642	21,621,147	15,246,238	22,252,920
Grants and contributions	4,288,701	4,699,535	1,834,378	2,267,546
Charges for services	5,284,463	5,230,607	3,758,085	5,192,297
Licenses and permits	5,989,935	5,862,746	4,317,478	6,529,300
Fines and fees	755,196	804,726	500,620	710,352
Investment income	218,686	182,615	88,530	355,443
Rents and reimbursables	-	-	-	-
Miscellaneous	1,477,909	1,135,234	855,968	1,071,368
Total revenues	88,585,637	90,453,780	71,025,587	90,841,217
EXPENDITURES				
General government	4,277,526	4,636,827	3,219,631	4,680,170
Public safety	43,012,679	44,609,076	33,515,656	46,071,577
Highways and streets	12,460,690	13,140,609	8,854,213	13,114,009
Community development	2,600,895	2,268,019	1,577,298	5,955,261
Health and welfare	5,382,571	5,469,806	3,951,512	2,331,430
Capital outlay	11,467,725	12,133,539	7,277,852	14,224,083
Debt service				
Principal retirement	6,160,000	6,475,000	6,455,000	5,215,000
Interest and fiscal charges	1,624,978	1,442,549	1,400,954	2,459,907
Other charges	-	-	-	-
Total expenditures	86,987,064	90,175,425	66,252,116	94,051,437
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,598,573	278,355	4,773,471	(3,210,220)
OTHER FINANCING SOURCES (USES)				
Bonds issued	7,755,000	7,625,000	-	32,900,000
Bond premium (discount)	862,170	460,605	-	2,022,953
Payment to escrow agent	(8,568,476)	-	-	-
Transfers in	3,613,688	9,444,113	6,755,513	915,000
Transfers (out)	5,213,688	(9,444,113)	(6,755,513)	(415,000)
Proceeds from sale of capital assets	-	1,940	-	-
Total other financing sources (uses)	8,876,070	8,087,545	-	35,422,953
NET CHANGE IN FUND BALANCES	\$ 10,474,643	\$ 8,365,900	\$ 4,773,471	\$ 32,212,733
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	9.32%	9.15%	9.15%	12.58%

Data Source

Audited Financial Statements

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
\$ 52,586,094	\$ 55,446,489	\$ 56,037,492	\$ 54,223,078	\$ 57,551,020	\$ 60,716,756
24,022,799	22,424,922	28,544,577	27,165,106	31,886,916	37,643,594
985,445	3,055,844	685,589	3,222,027	5,833,446	4,205,983
5,909,847	8,127,866	3,225,423	2,779,841	2,847,254	2,540,566
6,211,862	6,382,208	4,834,759	3,372,026	4,076,369	4,252,704
664,035	625,309	5,944,102	5,222,196	6,449,661	7,274,848
689,104	1,312,157	1,720,017	410,745	75,345	1,341,626
-	-	-	-	-	-
1,074,637	2,015,330	1,464,130	1,566,432	1,685,847	1,310,548
92,143,823	99,390,125	102,456,089	97,961,451	110,405,858	119,286,625
4,471,299	4,552,993	4,946,789	5,084,688	5,235,495	5,020,397
46,398,789	50,975,181	52,144,753	50,011,598	51,089,154	56,458,920
12,623,702	13,500,715	13,962,880	13,322,453	13,582,872	14,543,933
7,974,896	2,186,836	4,686,797	4,941,849	5,147,502	5,180,769
2,280,772	6,610,045	2,228,965	2,277,085	2,331,983	2,356,962
19,935,951	34,512,902	19,259,834	8,974,970	16,717,911	15,787,272
4,995,000	5,240,000	5,650,000	5,690,000	5,075,000	5,335,000
2,094,718	2,078,904	2,110,912	1,977,545	2,405,333	2,146,782
-	-	110,752	154,600	-	-
100,775,127	119,657,576	105,101,682	92,434,788	101,585,250	106,830,035
(8,631,304)	(20,267,451)	(2,645,593)	5,526,663	8,820,608	12,456,590
-	9,530,000	7,985,000	11,650,000	-	-
-	469,318	1,516,526	2,209,497	-	-
-	-	(9,493,511)	-	-	-
6,898,372	1,711,000	2,924,649	1,383,100	4,293,561	1,793,300
(8,398,372)	(1,231,012)	(2,490,452)	(9,928,332)	(14,143,561)	(9,993,300)
-	-	-	-	-	-
(1,500,000)	10,479,306	442,212	5,314,265	(9,850,000)	(8,200,000)
\$ (10,131,304)	\$ (9,788,145)	\$ (2,203,381)	\$ 10,840,928	\$ (1,029,392)	\$ 4,256,590
8.81%	8.09%	7.93%	9.03%	8.03%	7.48%

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**POLICE PENSION FUND
TAX LEVIES AND CONTRIBUTIONS**

Last Ten Levy Years

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
2011	\$ 4,136,305	\$ 4,330,880	105%	\$ 4,330,880	4/30/2013
2012	4,222,683	4,529,400	107%	4,529,400	4/30/2014
2013	4,432,200	4,500,000	102%	4,500,000	4/30/2015
2014*	2,779,725	4,500,000	162%	4,500,000	12/31/2015*
2016	3,839,961	3,994,000	104%	3,994,000	2017
2017	3,878,094	3,879,000	100%	3,879,000	2018
		Additional Contribution		<u>1,500,000</u>	
				5,379,000	
2018	4,016,824	4,017,000	100%	4,017,000	2019
		Additional Contribution		<u>1,250,000</u>	
				5,267,000	
2019	4,108,483	4,209,000	102%	4,209,000	2020
2020	4,072,578	4,073,000	100%	4,073,000	2021
2021	3,749,954	4,114,000	110%	4,114,000	2022
		Additional Contribution		<u>2,000,000</u>	
				6,114,000	

*For the eight months ended December 31, 2015.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

**FIREFIGHTERS' PENSION FUND
TAX LEVIES AND CONTRIBUTIONS**

Last Ten Levy Years

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
2011	\$ 4,588,979	\$ 4,701,000	102%	\$ 4,701,000	4/30/2013
2012	4,771,232	5,007,300	105%	5,007,300	4/30/2014
2013	5,055,378	5,057,400	100%	5,057,400	4/30/2015
2014*	3,235,984	5,100,000	158%	5,100,000	12/31/2015*
2016	4,734,724	4,889,000	103%	4,889,000	2017
2017	4,852,647	4,853,000	100%	4,853,000	2018
		Additional Contribution		<u>1,500,000</u>	
				6,353,000	
2018	4,952,007	4,953,000	100%	4,953,000	2019
		Additional Contribution		<u>1,250,000</u>	
				6,203,000	
2019	5,030,110	5,130,000	102%	5,130,000	2020
2020	4,912,161	4,913,000	100%	4,913,000	2021
2021	4,828,817	4,962,000	103%	4,962,000	2022
		Additional Contribution		<u>2,000,000</u>	
				6,962,000	

*For the eight months ended December 31, 2015.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Railroad Property	Total Equalized Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate
2012	\$ 2,009,525,986	\$ 640,237,374	\$ 209,384,276	\$ 810,919	\$ 2,859,958,555	\$ 8,580,733,738	\$ 1.5320
2013	1,704,562,752	573,721,999	198,631,738	996,997	2,477,913,486	7,434,483,906	1.8180
2014	1,810,983,128	577,544,679	114,654,036	1,037,926	2,504,219,769	7,513,410,648	1.8160
2015	1,766,744,791	565,748,059	113,315,940	1,242,969	2,447,051,759	7,341,889,466	1.9250
2016	2,155,373,008	620,835,250	119,444,421	1,264,483	2,896,917,162	8,691,620,648	1.6650
2017	2,165,564,338	654,570,030	125,103,734	1,289,820	2,946,527,922	8,840,467,813	1.6960
2018	2,146,460,365	645,525,173	125,564,273	1,384,950	2,918,934,761	8,757,680,051	1.7580
2019	2,418,574,182	794,052,203	152,530,437	1,510,759	3,366,667,581	10,101,012,844	1.5400
2020	2,409,134,826	805,015,324	172,043,750	1,574,501	3,387,768,401	10,164,321,635	1.5460
2021	2,218,613,995	741,225,232	160,549,092	1,574,501	3,121,962,820	9,366,825,143	1.6940

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

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Levy Years

Tax Levy Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tax rates per \$100 of EAV										
Village direct rates										
Village of Arlington Heights	1.0620	1.2700	1.2690	1.3590	1.1820	1.2170	1.2650	1.1080	1.1120	1.2190
Arlington Heights Memorial Library	0.4700	0.5480	0.5470	0.5660	0.4830	0.4790	0.4930	0.4320	0.4340	0.4750
Total Village direct rate	1.5320	1.8180	1.8160	1.9250	1.6650	1.6960	1.7580	1.5400	1.5460	1.6940
Overlapping rates										
County (including Forest Preserve)	0.5940	0.6600	0.6370	0.6210	0.5960	0.5580	0.5490	0.5130	0.5110	0.5040
Metro Reclamation District	0.3700	0.4170	0.4300	0.4260	0.4060	0.4020	0.9600	0.3890	0.3780	0.3820
School District #25	3.4160	3.6590	3.6780	3.9900	3.4240	3.4880	3.6170	3.2460	3.3340	3.7090
School District #214	2.3240	2.7680	2.7760	2.8810	2.5270	2.5630	2.6690	2.3560	2.3820	2.6640
School District #512	0.3730	0.4440	0.4510	0.4660	0.4190	0.4250	0.4430	0.4030	0.4090	0.4570
Park District's	0.5450	0.6330	0.6360	0.6260	0.4880	0.4940	0.5140	0.4570	0.4690	0.5210
Wheeling Township	0.0520	0.0560	0.0520	0.0550	0.0410	0.0430	0.0430	0.0380	0.0370	0.0410
Other	0.0360	0.0420	0.0420	0.0410	0.0320	0.0340	0.0360	0.0330	0.0310	0.0340
Total Tax Rate Per \$100 of EAV	9.2420	10.4970	10.5180	11.0310	9.5980	9.7030	10.5890	8.9750	9.0970	10.0060

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2022 (based on 2021 EAV)			2013 (based on 2012 EAV)		
	Equalized Assessed Value*	Rank	Percentage of Total Village Equalized Assessed Valuation	Equalized Assessed Value	Rank	Percentage of Total Village Equalized Assessed Valuation
Robert F Rohrman	\$ 59,183,826	1	1.896%			
Luther Village	43,894,479	2	1.406%	\$ 43,520,328	1	1.522%
E Property Tax Ridge Plaza	35,736,687	3	1.145%	11,942,574	9	0.418%
Arlington Park Racetrack	25,075,587	4	0.803%	33,409,746	2	1.168%
AmCap Northpoint LLC	21,441,354	5	0.687%	19,087,206	5	
JRK Property Holdings	20,916,648	6	0.670%			0.000%
Town and Country Chicago	20,700,000	7	0.663%	21,164,121	4	
200 Arlington Place	19,200,000	8	0.615%	10,260,585	10	0.359%
Stonebridge Village	18,883,011	9	0.605%			
United Airlines	18,254,925	10	0.585%			
Nokia Siemens Networks	-	-	-	22,035,666	3	0.770%
New Plan Excel Realty Trust	-	-	-	15,025,863	6	0.525%
Tanglewood Apartments	-	-	-	13,127,643	7	0.459%
YPI Arlington	-	-	-	13,118,598	8	0.459%
	<u>\$ 283,286,517</u>		<u>9.075%</u>	<u>\$ 202,692,330</u>		<u>5.680%</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 valuations have been overlooked.

Data Source

Official statements

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

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
2012	\$ 30,348,788	\$ 29,791,964	98.17%	\$ 84,649	\$ 29,876,613	98.44%
2013	31,463,571	30,820,062	97.95%	-	30,820,062	97.95%
2014	31,778,207	31,203,688	98.19%	-	31,203,688	98.19%
2015	33,248,168	33,087,784	99.52%	-	33,087,784	99.52%
2016	34,236,930	33,676,536	98.36%	-	33,676,536	98.36%
2017	35,851,769	35,067,225	97.81%	-	35,067,225	97.81%
2018	36,923,947	36,039,985	97.61%	-	36,039,985	97.61%
2019	37,535,586	37,163,947	99.01%	-	37,163,947	99.01%
2020	37,908,532	37,533,200	99.01%	-	37,533,200	99.01%
2021	38,295,160	37,916,000	99.01%	-	37,916,000	99.01%

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Gross General Obligation Bonds	Gross General Obligation Bonds	Capital Leases				
4/30/2014	\$ 42,636,145	\$ -	\$ -		\$ 42,636,145	3.03%	\$ 1,017.57
4/30/2015	43,986,033	-	-		43,986,033	2.84%	953.04
2015*	37,254,248	-	-		37,254,248	2.64%	885.46
2016	66,254,370	-	-		66,254,370	2.14%	882.20
2017	60,911,366	-	-		60,911,366	1.96%	811.06
2018	65,182,632	-	-		65,182,632	1.78%	715.44
2019	59,337,907	-	-		59,337,907	1.58%	790.11
2020	67,132,280	-	-		67,132,280	2.22%	893.89
2021	61,499,590	-	-		61,499,590	1.54%	791.75
2022	55,606,894	-	-		55,606,894	1.39%	715.88

*For the eight months ended December 31, 2015.

Notes: The Village changed to a December 31 fiscal year-end, effective December 31, 2015.

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

See the schedule of Demographic and Economic Information on page 169 for personal income and population data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Less: Debt Payable from Enterprise Revenue	Total	(1) Percentage of Estimated Actual Taxable Value of Property	(2) Per Capita
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
2015*	37,254,248	1,405,448	-	35,848,800	0.48%	477.34
2016	66,254,370	1,310,129	-	64,944,241	0.88%	864.76
2017	60,911,366	1,307,322	-	59,604,044	0.69%	793.65
2018	65,182,632	1,940,429	-	63,242,203	0.72%	842.10
2019	59,337,907	2,182,035	-	57,155,872	0.65%	761.05
2020	67,132,280	2,098,100	-	65,034,180	0.64%	865.96
2021	61,499,590	1,937,002	-	59,562,588	0.59%	766.81
2022	55,606,894	1,820,239	-	53,786,655	0.57%	692.45

*For the eight months ended December 31, 2015.

Notes: Details of the Village's outstanding debt can be found in the notes to financial statements.
The Village changed to a December 31 fiscal year-end, effective December 31, 2015.

(1) See the schedule of Assessed Value and Actual Value of Taxable Property on page 161 for property value data. These ratios are calculated using levy year data.

(2) See the schedule of Demographic and Economic Information on page 169 for population data. These ratios are calculated using calendar year data.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2022

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Arlington Heights*	Village of Arlington Heights Share of Debt
Village of Arlington Heights - General Obligation	\$ 55,606,894	100.000%	\$ 55,606,894
Total direct debt	<u>55,606,894</u>		<u>55,606,894</u>
Community College District 512	243,530,000	15.417%	37,545,020
Arlington Heights School District 25	37,700,000	96.735%	36,469,095
Cook County School District 15	39,440,000	3.273%	1,290,871
Cook County School District 21	84,350,000	23.755%	20,037,343
Cook County School District 59	25,185,000	12.825%	3,229,976
Prospect Heights School District 23	9,585,000	35.594%	3,411,685
Arlington Heights School District 214	25,000,000	32.585%	8,146,250
Cook County School District 57	5,470,000	4.681%	256,051
Cook County	2,094,405,000	1.778%	37,238,521
Forest Preserve of Cook County	119,775,000	1.778%	2,129,600
Metropolitan Water Reclamation District of Greater Chicago	2,759,628,000	1.806%	49,838,882
Arlington Heights Park District	18,869,000	96.526%	18,213,491
Buffalo Grove Park District	12,138,000	3.443%	417,911
Prospect Heights Park District	6,380,525	5.131%	327,385
Mount Prospect Park District	16,456,090	2.937%	483,315
Palatine Park District	17,385,000	1.098%	190,887
Salt Creek Park District	<u>1,307,000</u>	33.195%	<u>433,859</u>
Total overlapping debt	<u>5,516,603,615</u>		<u>219,660,142</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 5,572,210,509</u>		<u>\$ 275,267,036</u>

*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 2021 Equalized Assessed Valuations.

Data Source

Cook County Tax Extension Office

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

LEGAL DEBT MARGIN

December 31, 2022

The Village is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be 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 property . . . (2) if its population is more than 25,000 and less than 500,000 an aggregate of one per cent: . . . Indebtedness which is outstanding on effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum . . . Shall not be included in the forgiving percentage amounts."

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

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Calendar Years

Fiscal Year	(1) Population	(1) Personal Income	Per Capita Personal Income	(2) Unemployment Rate
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%
2015*	75,101	3,024,842,977	40,277	4.30%
2016	75,101	3,024,842,977	40,277	4.90%
2017	75,101	3,024,842,977	40,277	4.40%
2018	75,101	3,024,842,977	40,277	3.90%
2019	75,101	3,024,842,977	40,277	3.70%
2020***	75,101	3,024,842,977	40,277	8.10% **
2021	77,676	3,987,885,840	51,340	5.30%
2022	77,676	4,185,182,880	53,880	3.60%

*For the eight months ended December 31, 2015.

**Unemployment rate (not seasonally adjusted) through March 2021

***At time of data compilation, 2020 census results were not yet available.

Note: The Village changed to a December 31 fiscal year-end, effective December 31, 2015.

Data Sources

(1) U.S. Bureau of the Census

(2) Illinois Department of Employment Security

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2022			2013		
	Rank	Number of Employees	Percentage of Total Village Employment	Rank	Number of Employees	Percentage of Total Village Employment
Northwest Community Healthcare	1	3,600	9.38%	2	3,617	4.82%
United Airlines	2	1,000	2.60%			
HSBC	3	1,000	2.60%			
Arlington Heights High School District # 214	4	1,000	2.60%	3	1,670	2.22%
Paddock Publications (Daily Herald)	5	500	1.30%	7	500	0.67%
Alexian Brothers Health System (AMITA)	6	500	1.30%	6	500	0.67%
Lutheran Home	7	500	1.30%	5	800	1.07%
Village of Arlington Heights	8	450	1.17%	10	427	0.57%
Buhrke Industries	9	450	1.17%			
Pace	10	450	1.17%			
Clearbrook				8	450	0.60%
Kroeschell Inc				9	450	0.60%
Nokia Siemens Networks				4	1,267	1.69%
Arlington International Racecourse (Seasonal)				1	4,500	5.99%
		9,450	24.59%		14,181	18.90%

Data Sources

Illinois Manufacturers Directory, Illinois Services Directory, and a selective telephone survey.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Fiscal Year	4/30/2014	4/30/2015	2015*	2016	2017	2018	2019	2020	2021	2022
GENERAL GOVERNMENT										
Manager's office	6.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	5.50	5.50
Human resources	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Legal	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	1.75	1.75
Finance	17.50	18.00	18.00	17.50	17.50	17.50	17.00	17.00	16.50	16.50
IT	5.00	5.00	5.00	5.00	6.00	5.00	5.00	6.00	6.00	7.00
GIS	1.00	1.00	1.00	1.00	-	-	-	-	-	-
PUBLIC SAFETY										
Police										
Officers	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
Civilian	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Fire										
Firefighters and officers	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00
Civilian	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
COMMUNITY DEVELOPMENT										
Planning and community development	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Building	16.00	16.50	16.50	17.00	17.00	17.50	17.50	18.00	18.00	19.00
HEALTH AND WELFARE										
Health services	9.50	9.50	9.50	10.00	10.00	9.50	9.50	9.50	9.50	9.50
Senior services	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75
HIGHWAYS AND STREETS										
Public works	42.25	42.25	42.25	42.25	42.25	41.25	42.25	42.25	42.25	42.25
Engineering	10.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00
OTHER PUBLIC WORKS										
Water utility operations	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75	40.75
Fleet services	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
TOTAL	427.25	427.25	427.25	428.25	428.75	426.75	426.25	427.75	426.25	428.50

*For the eight months ended December 31, 2015

Note: The Village changed to a December 31 fiscal year-end, effective December 31, 2015.

[Data Source](#)

Village of Arlington Heights Finance Department

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	4/30/2014	4/30/2015	2015*	2016	2017	2018	2019	2020	2021	2022
PUBLIC SAFETY										
Police										
Service calls	23,678	24,148	16,527	25,919	32,732	22,875	21,823	20,084	40,787	19,547
Total crime reported	2,270	2,196	2,019	2,559	2,189	1,937	2,049	1,615	1,769	2,315
Arrests	1,073	921	558	824	657	592	840	558	599	679
Citations issued	27,584	29,795	19,000	27,935	24,944	23,306	21,423	12,832	17,961	22,344
Fire										
Service calls (EMS)	6,667	6,779	4,648	7,581	7,369	7,515	8,063	7,433	8,126	8,367
Service calls (non-EMS)	3,266	3,286	2,101	2,620	2,676	2,814	2,644	2,256	2,323	1,719
PUBLIC WORKS										
Snow removal (miles)	91,651	52,072	14,727	51,044	18,541	60,762	62,784	13,862	49,135	42,372
Streets resurfaced (miles)	8.10	8.10	7.45	7.08	5.80	6.00	9.73	5.50	6.45	7.10
WATER										
Water main breaks	244	157	228	228	240	244	252	163	188	153
Sewer repairs	28	32	60	20	13	12	15	8	16	87
Average daily consumption	8.70 MGD	8.20 MGD	7.58 MGD	7.51 MGD	7.41 MGD	7.41 MGD	7.41 MGD	7.33 MGD	7.11 MGD	7.57 MGD

*For the eight months ended December 31, 2015.

Note: The Village changed to a December 31 fiscal year-end, effective December 31, 2015.

MGD - Million Gallons Daily

Data Source

Various Village Departments

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	4/30/2014	4/30/2015	2015*	2016	2017	2018	2019	2020	2021	2022
PUBLIC SAFETY										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Marked police vehicles	44	44	44	44	44	33	35	35	35	35
Unmarked police vehicles	17	17	18	19	19	29	25	25	25	25
Police motorcycles	4	4	4	4	4	4	4	4	4	4
Fire										
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire pumpers	6	6	5	5	5	5	5	5	5	5
Fire ladder trucks	2	2	2	2	2	2	2	2	2	2
Rescue squads	4	4	5	4	4	4	4	4	4	4
Ambulances	6	6	6	6	6	6	6	6	6	6
Utility vehicles	1	1	1	1	1	1	1	1	1	2
Boats with trailer	1	1	1	1	1	1	1	1	1	1
TRS rescue trailers	1	1	1	1	1	1	1	1	1	-
Public education trailers	1	1	1	1	1	1	1	1	1	2
Hazardous material vehicles	1	1	1	1	1	1	1	1	1	1
Administrative vehicles	7	7	8	8	8	8	8	8	8	8
PUBLIC WORKS										
Streets (miles)	230	230	230	241	241	241	241	241	241	241
Streetlights	3,212	3,865	3,865	3,865	3,865	3,865	3,865	3,865	3,865	3,865
Traffic signals	9,784	9,784	9,784	9,784	9,784	9,784	9,784	9,784	9,784	9,784
WATER										
Water mains (miles)	253	260	260	260	260	260	260	260	263	263
Fire hydrants	2,740	3,318	3,318	3,318	3,318	3,329	3,318	3,318	3,318	3,318
Storage capacity (gallons)	31,000,000	32,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000	31,000,000
WASTEWATER										
Sanitary sewers (miles)	227	255	255	255	261	255	265	265	178	178
Storm sewers (miles)	163	213	213	213	228	213	236	236	195	194

*For the eight months ended December 31, 2015.

Note: The Village changed to a December 31 fiscal year-end, effective December 31, 2015.

Data Source

Various Village Departments



Committee-of-the-Whole
6/26/2023

Item: Review of the 2024 Capital Improvement Program Update

Department: Finance

ATTACHMENTS:

Description	Type
2024 Capital Improvement Program Update	Memorandum

I N T E R

O F F I C E

MEMO

To: Randy Recklaus, Village Manager
From: Tom Kuehne, Finance Director
Kevin Baumgartner, Accountant/Budget Coordinator
Date: June 16, 2023
Subject: **2024 CAPITAL IMPROVEMENT PROGRAM UPDATE**

A detailed five-year Capital Improvement Program (CIP) is developed during even-numbered years, with special emphasis on the first two years of the plan. This reflects the multi-year nature of many of the capital projects that are included in the CIP. During the years such as this year when there isn't a detailed CIP being presented to the Board, the following activities occur:

- A. Staff provides the Village Board with a summary update showing any changes in estimated costs from the prior year.
- B. After the local election process that occurs every two years, each Department prepares a presentation for the "new" Board. This is followed by the Village Board's biennial goal setting process. After the Board's goals and objectives are established, Staff develops a two-year business plan that reflects the Board's stated goals.

2024 Capital Improvement Program Update

The CIP update is an important part of the budget process, as capital projects comprise a significant portion of the Village's spending. As such, it is important that we reexamine the Village's capital projects to determine if the priorities previously set still hold true, and to review the 2024 capital expenditure budget projections.

The following funds have no changes in projected capital expenditures from what was planned during the 2023 five-year CIP process for their 2024 budgets:

- **Motor Fuel Tax Fund (211)** - \$3,921,400
- **Storm Water Control Fund (426)** - \$4,205,000
- **Arts, Entertainment & Events Fund (515)** - \$107,000

The following funds have had their Capital projects adjusted from their initial 2024 projections estimated in 2022:

Criminal Investigation Fund (231) – Projected expenditures changed from about \$272,200 to \$274,900, an overall increase of \$2,700. This is the net change of moving some expenditures to the General Fund, as well as an increase in the expected cost of the Patrol Vehicle Equipment Replacement Program.

Municipal Parking Fund (235) – Projected expenditures changed from \$296,500 to \$330,000, an increase of \$33,500. This is the result of an estimated increase in the cost for the Parking Structure Maintenance/Repairs project. Due to hybrid work schedules and lower usage of the Village’s parking facilities, annual parking fee revenue for the fund have decreased from a pre-pandemic level of \$1.3 million to \$800,000. Based on Metra estimates, patronage levels are not projected to reach 75% of the pre-pandemic level until 2026. To address this imbalance, Staff has developed a five-year “sustainable” plan for the Municipal Parking Fund with the following recommendations:

- Eliminate the Parking Fund’s annual \$287,300 internal service payment to the General Fund.
- Continue the established maintenance plan for the four parking garages.
- Keep the elevator modernization costs in the plan for 2024 and 2025.
- Extend out the structural repair costs identified by Walker Consultants, and re-evaluate the structures in 2024.

Attached is a memo from Public Works Director Cris Papierniak outlining the capital parking plans going forward, along with a revised five-year financial projection for the Municipal Parking Fund.

TIF IV (263) – Projected expenditures changed from \$600,000 to \$3,480,000, an increase of \$2,880,000. This is the result of the re-budgeting of the TIF IV Redevelopment and Green Corridor Beautification projects from 2023 to 2024.

TIF V (264) – Projected expenditures changed from \$645,000 to \$675,000, an increase of \$30,000. This was due to the additional of administrative service charge.

TIF HK (266) – Projected expenditures changed from \$1,515,000 to \$515,000, a decrease of \$1,000,000. This is the result of expenditures originally planned to be spent in 2024 being spent in 2023.

TIF S AH RD (267) – Projected expenditures increased from zero to \$615,000. This funding is for potential redevelopment efforts along the corridor that could include phased implementation of any sewer upgrades needed as part of the ongoing sewer capacity study and possible public/private partnerships.

Capital Projects Fund (401) – Projected expenditures increased from \$11,781,900 to \$14,055,200, an increase of \$2,273,300. The changes are summarized in this table:

Project Number	Project Name	2024 Projection from 2022	2024 Projection from 2023	Change
BL9004	Overhead Door Replacement	45,000	35,000	(10,000)
BL9504	Building Equipment Replacement	38,000	50,000	12,000
BL9505	Municipal Buildings Refurbishing	40,000	90,000	50,000
BL9506	Roof Maintenance Program	1,500,000	3,240,000	1,740,000
BL9601	Heating Plant/Air Conditioner Replacement	95,000	145,000	50,000
BL2102	Municipal Parking Lot Improvements	70,000	80,000	10,000
EQ9502	Operational Equipment - Fire Department	541,700	576,500	34,800
EQ0103	Operational Equipment - Information Technology	151,500	150,000	(1,500)
EQ0803	Patrol Vehicle Equipment Replacement Program	53,000	86,000	33,000
EQ9503	Office Equipment	52,000	72,000	20,000
SG2301	Kensington Road at Waterman Avenue Traffic Signal	-	50,000	50,000
ST1535	Downtown Streetscape Improvements	-	115,000	115,000
ST2001	Vail Ave Permeable Paver / Ped. Mall Prelim. Eng.	-	50,000	50,000
ST2201	Sustainable Bike Plan Improvements	-	120,000	120,000
				<u>2,273,300</u>

The most significant of the changes is in the Roof Maintenance Program. The Public Works Department is currently exploring the potential installation of solar panels on the roof of the Public Works facility. In order to facilitate that potential installation, what was previously projected to be a two-year project would need to be performed in one year.

Other notable changes include the addition of the Kensington Road at Waterman Avenue Traffic Signal project (\$50,000 for 2024). Due to an elevated number of crashes occurring at this intersection, an in-house traffic signal warrant analysis was performed by staff. It was determined that this intersection meets three separate traffic signal warrants.

The \$115,000 Downtown Streetscape Improvements project initially projected to be completed during 2023, was delayed and has been re-budgeted.

The Vail Avenue Permeable Paver / Pedestrian Mall Preliminary Engineering program is expected to utilize \$50,000 Green Aggregation funds. Subsequent portions of the project remain unfunded.

Another significant change is the addition of \$120,000 in projected expenditures for the Sustainable Bike Plan Improvements program. This new projection includes funding for Phase I Engineering for the installation of a bike path in the ComEd right of way that connects Palatine to Prospect Heights.

Water & Sewer Fund (505) – Projected capital expenditures changed from \$7,935,100 to \$9,347,400, an increase of \$1,412,300. The Residential Meter & AMR System Replacement project increased from \$2,277,100 to \$3,279,400 due to the re-budgeting of work expected to take place during 2023 but being pushed to 2024. The vendor selected for this project indicated there

are significant cost savings in reducing the time table for this project from three years to two years.

Additionally, the Emergency Generator Upgrades/Replacement project increased from \$100,000 to \$500,000 due to the critical replacement of Booster Pump Station 16's motor control central and transfer switch.

Lead Service Line Replacement Fund (506) – Projected capital expenditures decreased from \$3,100,000 to \$1,800,000. Grants that the Village were hopeful to be awarded have not come to fruition and as a result the scope of the work performed in 2024 has been decreased. Staff continues to seek out additional funding.

Fleet Fund (621) – Projected capital expenditures increased from \$2,544,200 to \$3,103,400. Difficulty in acquiring vehicles and extraordinary parts costs continue to cause trouble for the Village's Fleet.

Technology Fund (625) – Projected capital Expenditures increased from \$241,800 to \$250,000 due to an increase in expected costs.

Memorandum DRAFT

To: Tom Kuehne, Director of Finance
From: Cris Papierniak, Director of Public Works
Date: June 9, 2023
Subject: Parking Garage Capital Item

For the past decade, the Village has performed continual rehabilitation of the Village's four parking structures as part of a ten-year maintenance plan designed by Walker Consultants in September 2013. The consistent maintenance efforts have provided Downtown Arlington Heights with properly maintained parking structures, preventatively completed minor repairs before they could become more expensive, and extended the parking structures' useful life. The last significant rehabilitation efforts occurred nearly six years ago, in 2017.

In January 2023, Public Works began discussing the next 10-year plan with the Village's consultant, Walker Consultants. The preliminary 5-year plan cost estimates approached \$5 million, due to materials and labor costs sky-rocketing, which is affecting the entire construction industry.

Given the significant increase in cost, Public Works Staff suggests the following revisions to the 2024-2028 Capital Improvement Plan.

- Continue with the established maintenance plan for 2023 in all four parking structures.
- Except in 2028, eliminate all significant structural repair costs identified in the Capital Improvement Plan. The maintenance costs identified in 2028 will be for continued waterproofing of the garages to slow corrosion and deterioration.
- Keep elevator modernization costs in place for 2024 and 2025.

If these revisions are approved, the 5-year budget for the parking garages will be reduced to \$2,935,400. This reduction is approximately a 40% decrease in funding for parking garage capital improvements compared to the estimate from Walker Consultants.

Finally, after this year's capital improvements to the four parking structures, Staff will revisit the 10-year maintenance plan to determine the impact of the Village's maintenance efforts on the structures. This re-evaluation of the structures will take place in 2024, and consist of a thorough inspection of all parking garages to identify preventative and respective repairs that need to be addressed.

Please contact me if you have any questions or wish to discuss further.

tw

Attachment

C: Chester Gorecki, Superintendent of Maintenance

CAPITAL IMPROVEMENT PROGRAM RECAP 2024-2028

CAPITAL PROJECT REQUEST

Project Name: Parking Structure Maintenance/Repairs

Type: Building/Land

Project String: BL0006-BUILDING-
CONSTRUCT-PRK

Status: A

Priority: R/M

Project #: BL-00-06

PM: PW

Location: Municipal Parking Garage, Vail Avenue Garage, North Garage, and Evergreen Underground Garage

Description:

Maintenance and repairs in four Village-owned parking structures.

Justification:

The parking structures are in excess of 30 years old. Although Public Works has provided a variety of maintenance activities, they are showing signs of their age. A parking structure evaluation is performed by a consultant every 10 years. All four garages were rehabilitated with work completed in 2018. The next phase will be a modernization of the elevators within the parking garages. Future costs are for recommended periodic maintenance. Immediate needs are \$30,000 per year in addition to scheduled repairs.

Account: 235-7101-550250

Comments:

2023: Concrete repairs and re-application of waterproofing in all four parking structures (\$920k) Elevator modernization (\$597k); 2024: Elevator modernization and structural repairs (\$330k), 2025: Elevator modernization and structural repairs (\$330k); 2026: Structural repairs (\$30k); 2027: Structural repairs (\$30k); 2028: Structural repairs, caulking and waterproofing (\$1,295M).

Fund/Source 1: PRK		Fund/Source 2:		Fund/Source 3:	
Org Bud 2023:	920.4	Org Bud 2023:	0.0	Org Bud 2023:	0.0
Rev Bud 2023:	1,517.0	Rev Bud 2023:	0.0	Rev Bud 2023:	0.0
Est Act 2023:	1,517.0	Est Act 2023:		Est Act 2023:	
Est Budget 2024:	330.0	Est Budget 2024:	0.0	Est Budget 2024:	0.0
Est Budget 2025:	330.0	Est Budget 2025:	0.0	Est Budget 2025:	0.0
Est Budget 2026:	30.0	Est Budget 2026:	0.0	Est Budget 2026:	0.0
Est Budget 2027:	30.0	Est Budget 2027:	0.0	Est Budget 2027:	0.0
Est Budget 2028:	1295.0	Est Budget 2028:		Est Budget 2028:	
Unspecified:	0.0	Unspecified:	0.0	Unspecified:	0.0
TOTAL Fund/Source 1:	2,015.0	TOTAL Fund/Source 2:	0.0	TOTAL Fund/Source 3:	0.0
TOTAL FUTURE COSTS (IN THOUSANDS):					2,015.0

MUNICIPAL PARKING OPERATIONS FUND (235)

5 YEAR CAPITAL IMPROVEMENT PROGRAM (CIP)

ACCOUNT DESCRIPTION	PROJ	2023								
		2021	2022	ESTIMATED	2023	2024	2025	2026	2027	2028
		ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUES										
FEES & FINES		800,104	752,583	800,000	1,300,000	800,000	875,000	975,000	975,000	975,000
INTEREST INCOME		7,181	117,927	100,000	31,000	31,000	31,000	31,000	31,000	31,000
OTHER INCOME		10,024	11,471	0	0	0	0	0	0	0
BOND PROCEEDS		0	0	0	0	0	0	0	0	0
TRANSFER IN FROM GENERAL FUND SURPLUS		0	500,000	0	0	0	0	0	0	0
TRANSFER IN FROM CAPITAL PROJECTS FUND		0	0	0	0	2,000,000	0	0	0	0
TRANSFER IN FROM PUBLIC BUILDING FUND		950,000	0	0	0	0	0	0	0	0
TOTAL REVENUES		1,767,309	1,381,981	900,000	1,331,000	2,831,000	906,000	1,006,000	1,006,000	1,006,000
EXPENDITURES										
OPERATING EXPENDITURES										
Personal Services		475,983	484,221	538,000	538,000	624,000	649,000	675,000	702,000	730,100
Contractual Services		246,634	246,951	402,800	402,799	372,000	386,900	402,400	418,500	435,200
Commodities		88,130	56,276	105,300	105,300	95,200	99,000	103,000	107,100	111,400
Other Charges		287,300	287,300	287,300	287,300	0	0	0	0	0
SUBTOTAL - OPERATING EXPENDITURES		1,098,047	1,074,748	1,333,400	1,333,399	1,091,200	1,134,900	1,180,400	1,227,600	1,276,700
BUILDING & LAND										
Ongoing Maintenance to Brick Exterior	BL9603	5,000	4,950	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Parking Structure Maintenance/Repairs	BL0006	59,870	65,234	1,517,000	1,517,447	330,000	330,000	30,000	30,000	1,295,000
LED Parking Garage Lighting Conversions	BL1903	49,247	56,550	48,000	48,000	0	0	0	0	0
Downtown Parking Signs	BL1906	90,915	0	0	0	0	0	0	0	0
Municipal Parking Lot Improvements	BL2102	0	0	200,000	200,000	0	50,000	0	0	50,000
SUBTOTAL - BLDG & LAND		205,032	126,734	1,770,000	1,770,447	335,000	385,000	35,000	35,000	1,350,000
EQUIPMENT										
Operational Equipment - Municipal Parking Fund EQ0901		0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000
SUBTOTAL - EQUIPMENT		0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES		1,303,079	1,201,482	3,113,400	3,113,846	1,436,200	1,529,900	1,225,400	1,272,600	2,636,700
BEGINNING FUND BALANCE		5,612,969	6,077,199	6,257,698	6,257,698	4,044,298	5,439,098	4,815,198	4,595,798	4,329,198
REVENUES OVER (UNDER) EXPENDITURES		464,230	180,499	(2,213,400)	(1,782,846)	1,394,800	(623,900)	(219,400)	(266,600)	(1,630,700)
ENDING FUND BALANCE		6,077,199	6,257,698	4,044,298	4,474,852	5,439,098	4,815,198	4,595,798	4,329,198	2,698,498
Fund Balance as a Percent of Expenditures						379%	315%	375%	340%	102%

PROJECTS WITH SECOND FUND SOURCE

Ongoing Maintenance to Brick Exteriors BL9603 Ongoing program partially funded with Capital Project Fund revenue



Committee-of-the-Whole
6/26/2023

Item: Operating Fund Overview/Recommended Budget Ceilings - 2024

Department: Finance

ATTACHMENTS:

Description

2024 Operating Overview &
Recommended Budget Ceilings

Type

Memorandum

I N T E R

O F F I C E

MEMO

To: Randy Recklaus, Village Manager
From: Tom Kuehne, Finance Director/Treasurer
Date: June 17, 2023
Subject: **OPERATING FUND OVERVIEW/RECOMMENDED BUDGET CEILINGS – 2024**

The Operating Fund Overview and Budget Ceiling process serves as the Village Board’s mid-year review of the Village’s financial position, provides an initial property tax estimate for the coming year, and establishes budget ceilings for Village Departments as they prepare their budget proposals for the 2024 Budget. The previous two years saw significant increases in sales and income tax receipts, as the initial effects of the pandemic waned, new sales tax receipts on internet sales became effective in 2021, and unemployment rates remained very low. The 2021 and 2022 years both ended with surpluses in the General Fund, and the Village Board subsequently approved transfers-out to selected Village capital and public safety pension funds. Our key sales and income operating revenues are now clearly slowing, with sales taxes expected to come in under budget by 3% and income taxes projected to come in 1% over the 2023 budget. The upcoming 2024 Budget will continue to be challenging for some of our funds, such as the Municipal Parking and Fleet Funds, due to hybrid work schedules and increases in vehicle costs. However, the General Fund continues to show strength, and the Water & Sewer Fund continues to reflect our significant planned infrastructure improvements.

Operating Fund Overview

The General Fund and the Water & Sewer Fund are the Village’s key operating funds covered in this analysis. As of the end of 2022, the General Fund’s ending balance as a percent of expenditures equaled 36%. This was in excess of the Village’s minimum fund balance policy of 25% of expenditures. Maintaining adequate reserves helps ensure the Village’s excellent bond rating, which lowers bond interest charges associated with that rating. These reserves also provide a source of funds for extraordinary weather-related events or other damages (pandemics), and provides the flexibility needed to make prudent decisions during times of economic uncertainty.

The Water & Sewer Fund’s 2022 ending working cash balance came in at 71% of expenses. However, this was due to \$9 million in bond funds transferred into the Water & Sewer Fund in 2020 and \$2.5 million allocated in 2021 as part of the Village’s American Rescue Plan Act (ARPA) grant from the federal government. These revenues will help pay for the significant increase in the amount spent on the water main replacement program. This Fund has underperformed over the prior few years due to water and sewer service charge revenues coming in lower than projected. This is likely due to weather conditions, more efficient plumbing systems, and older water meters that tend to slow down as they reach the end of their useful lives. As such, water and sewer revenue estimates are based on water usage which is lower than

the 18-year average. During the fall of 2019, the Village implemented a five-year rate increase plan in order to help reach our long-term goal of replacing 1% of our water mains each year.

Conservative revenue projections have been made for the three-year projections prepared for each of these operating funds. In addition, full staffing levels have been assumed without regard to temporary vacancies that occur each year. For this reason, the projections can be considered “worst-case” scenarios of the future. This is more evident with the General Fund because of the variety of revenue sources that are dependent on the local economy. On the other hand, the Water & Sewer Fund’s revenue stream is based on user fees, which are somewhat more predictable but vary depending on usage.

General Fund

The Village has been able to maintain a strong fund balance in this fund. As noted above, sales and income tax receipts have increased significantly over the prior two years inflation and very low unemployment levels are lifting these revenues. However, we can now expect a more normal growth rate for these revenues. The state and federal laws requiring the payment of sales taxes on internet sales as of January 2021 had a pronounced effect on the Village’s sales tax receipts. In 2022, total internet sales receipts, from Amazon, E-Bay, Google, Etsy, Door Dash and others came to about \$2 million, and are now part of our sales tax revenue base.

The Village is in a solid operating position at the current time. However, the Federal Reserve’s ongoing plan to raise interest rates to tame the 40-year high inflation rate, is having a predictable adverse effect on the stock market. An unstable market is expected to last through this year at least, which will likely continue to push pension costs higher. Recessionary clouds are continuing to form in this economic climate, but the length and depth of any downturn is uncertain.

Exhibits 1 and 2 – General Fund include a summary of revenues and expenditures and an alligator chart of General Fund revenues and expenditures for 2021 through 2026. The General Fund’s revenue base is comprised of certain key “growth” revenues that are susceptible to economic changes, so balancing this fund is normally somewhat challenging. The attached summary shows that General Fund revenues are currently projected to come in 1% or \$1.1 million under budget for 2023. However, 2023 revenues would have been projected to exceed the budget, but for the \$1.6 million 2022 tax levy abatement payable in 2023 that was approved by the Board as part of the 2022 surplus plan. As a result of the abatement, actual 2023 property tax receipts will come in under budget by \$1.6 million. **Exhibits 3 and 4** show the history of Sales and Income tax receipts respectively. These revenues have historically been the Village’s key General Fund growth revenues that cover expenditure increases.

Exhibit 5 shows the history of General Fund Food & Beverage tax (FBT) receipts. This revenue source was hit particularly hard during the pandemic, but has showed remarkable resilience over the last two years as people have returned to dining out again. General Fund FBT tax receipts are expected to come within the 2023 budget.

Due to the General Fund’s strong financial position, Staff is recommending that the Village no longer require the purchase of vehicle licenses and dog tags for 2024 and thereafter. Arlington Heights is the last of our comparable communities to charge for these fees, as other communities have also recently gotten rid of their vehicle licenses requirements. In 2023, the Village budgeted \$1.4 million for vehicle license and \$65,000 for dog tag revenues. As discussed under

the projected property tax section of this memo, even with this revenue loss and no increase in the proposed property tax levy, the General Fund is projected to have a surplus for 2024.

Cable Franchise Fees are also projected to decrease somewhat, as residents can choose internet streaming services over regular cable or premium channels. Streaming services still require the use of public rights-of-way for cable lines or repeater stations to deliver entertainment to Village businesses and residents. A potential new streaming fee is not required to balance the projected 2024 Budget, but it is something that Staff will continue to review as the Village works to address revenue base issues that can arise due to changes in technology. Staff also reviewed the Five-Year Fee and Fine Increase Plan, but changes are not needed in 2024, and will be held for consideration in the following year.

The expenditure side of the 2023 General Fund projection reflects some savings from budgeting for full staffing, as normal vacancies provide some flexibility. Due in large part to the wage and fringe benefit savings, total 2023 General Fund expenditures are estimated to come in 1% or about \$700,000 under budget. When combined with the continued strong revenue base outlined above, for the fourth year in a row we are projecting a surplus for 2023. As in prior years, once the final surplus number is determined after the year is over and the audit has begun, Staff will review the fund's financial position. As the threat of a recession still looms, the Village may want to retain these funds in the General Fund.

The historical and three-year projections for the General Fund for 2024 through 2026 reflect past performance, and provide estimates of the fund's projected revenues and expenditures. To project these expenditures Staff prepares detailed spreadsheets which include each authorized position. As noted earlier, these projections conservatively assume that all positions are filled and that there are no vacancies. Some of the key revenue and expenditure assumptions include the following:

General Fund Assumptions

Revenues:

Food & Beverage Tax (FBT)	+0% in 2023 proj. +2% in 2024, 3% in 2025, and 3% in 2026
Home Rule Sales Tax	+3% in 2023 proj. +5% in 2024, 3% in 2025, and 3% in 2026
Sales Tax	-3% in 2023 proj, -1% in 2024, 3% in 2025, and 3% in 2026
Income Tax	+1% in 2023 proj, +3% in 2024, 3% in 2025, and 3% in 2026
Property Tax (Village and Library)	+0% for the 2023 levy collected in 2024, and 2% - 3% thereafter
Telecommunications Tax	+5% in 2023 proj, +3% in 2024, -2% in 2025 and thereafter
Utility Tax	+ 0%

Expenditures:

Wages	+3.3% 2024 Projected v. 2023 Budget (includes steps if applicable)
Health Insurance	+ 8% in 2024 and thereafter
Other	+3% in 2024 and thereafter

Property Tax Projections

One of Staff's key goals is to work to keep any proposed property tax increase as low as possible as shown in **Exhibit 6 – Property Tax Levy History**. The projected 2023 property tax levy for the 2024 Budget reflects a 0% increase for the fifth year in a row. A second key Staff goal is to try to ensure that sufficient funds are available to provide a consistent, high level of Village services each and every year.

As shown in **Exhibit 7**, the first step in developing the Village's property tax levy is entering the known debt service payment requirements. The debt service levy reflects the Village's long-term plan to maintain a 0% increase in the debt service levy, while planning for potential bond issues every five-years due to maturing debt.

The Capital Improvement levy for 2022 and 2023 shows an increase of \$200,000 per year. This has allowed the Village to cover new capital costs including \$300,000 to lease State-mandated body-worn camera equipment for the Police, and \$100,000 for additional turn-out gear for our Firefighters. Subsequent year levies will revert to an annual \$100,000 increase.

The annual required contributions (ARC) for the Police and Fire Pension levies, are then entered based on annual actuary studies. In the prior couple of years, we were fortunate to be able to maintain the public safety pension levies at a 0% increase level. However, due to the significant 20% market correction in 2022, the ARC for these funds is now increasing. Annual gains and losses are smoothed over three years by the actuary in order to limit the one-year effect of a significant market change. We can expect to see increases in the ARC for the public safety pension funds over the next few years.

Due to positive investment returns in 2021 and actuarial changes approved by the IMRF Board, the Village's IMRF contribution rates decreased significantly from 11.47% to 7.8% of payroll. However, for budgeting and property tax levy purposes, the Village has continued to project IMRF pension payments based on the 11.47% rate. This has served us well, as the 2022 IMRF rates increased to 10.4% due to the 2022 market downturn. In the meantime, the Village will be able to reduce the Village's unfunded IMRF pension liability. Both the FICA and IMRF levies are derived from the detailed wage sheets prepared for the 2024-2026 budget projections.

The remaining property tax levies are for the General Fund's Police and Fire Protection levies. The total for all of the various Village levies adds up to a 0% increase over last year's levy.

Water & Sewer Fund

In October 2019 the Village Board approved a five-year water and sewer rate adjustment plan that allowed the Village to increase the amount spent on its water main replacement program. The Village's water and sanitary sewer infrastructure is aging, and the average number of water main breaks have been two to three times that of comparable communities. The Village's residential and commercial water meters are also older, and the three-year projections include a replacement plan for these water meters. In 2015 the Village was spending about \$500,000 per year on water main replacement. Due to the five-year rate plan changes in 2014 and 2019, the \$9 million in 2020 bond proceeds, and the \$2.5 million allocation of American Rescue Plan Act federal grant funds, the Village is on a path to be able to sustain its goal of replacing over \$4 million, or 1% of our water mains on an annual basis. As mentioned earlier, water and sewer revenue estimates are based on water usage which is lower than the 18-year average. **Exhibits 8 and 9** show the historical and three-year projections for this fund.

Proposed Budget Ceilings for 2024

The 2024 budget process began in March 2023 when preparations began for updating the five-year Capital Improvement Plan (CIP) with particular emphasis on 2024 projects. The second step in the Village's budget process includes the financial review of the two key operating funds,

the General Fund and the Water & Sewer Fund, culminating in the establishment of budget ceiling amounts for these two operating funds. As part of this step, staff makes various assumptions on revenue, expense, and property tax increases as outlined earlier. These two steps lead to the development of the proposed budget document which is reviewed prior to approval of the final budget. **Exhibit 10** is a draft copy of the budget calendar for the 2024 Budget.

The recommended expenditure ceilings for the General Fund and the Water & Sewer Fund are based on the following projections:

	<u>General Fund</u>	<u>Water & Sewer Fund</u>
Revenues	\$ 89,771,700	\$ 24,387,000
Expenditures	(88,541,400)	(26,760,200)
Surplus (deficit)*	1,230,300	(2,373,200)
Beginning Balance	<u>37,023,193</u>	<u>10,736,566</u>
Ending Balance	\$ 38,253,493	\$ 8,363,366

*The Water & Sewer Fund deficit reflects the Village's ongoing plan to replace 1% of the Village's water mains each year. The \$9 million 2020 bond issue will help the Village to bridge the funding gap, until water and sewer user fee revenues reach a sustainable level to support the fund's long-term operations and capital expenses.

Recommendation

It is recommended that the Board approve the proposed budget ceilings for 2024 of \$88,541,400 for the General Fund and \$26,760,200 for the Water & Sewer Fund.

GENERAL FUND
THREE YEAR PROJECTIONS
FISCAL YEARS 2024 THROUGH 2026

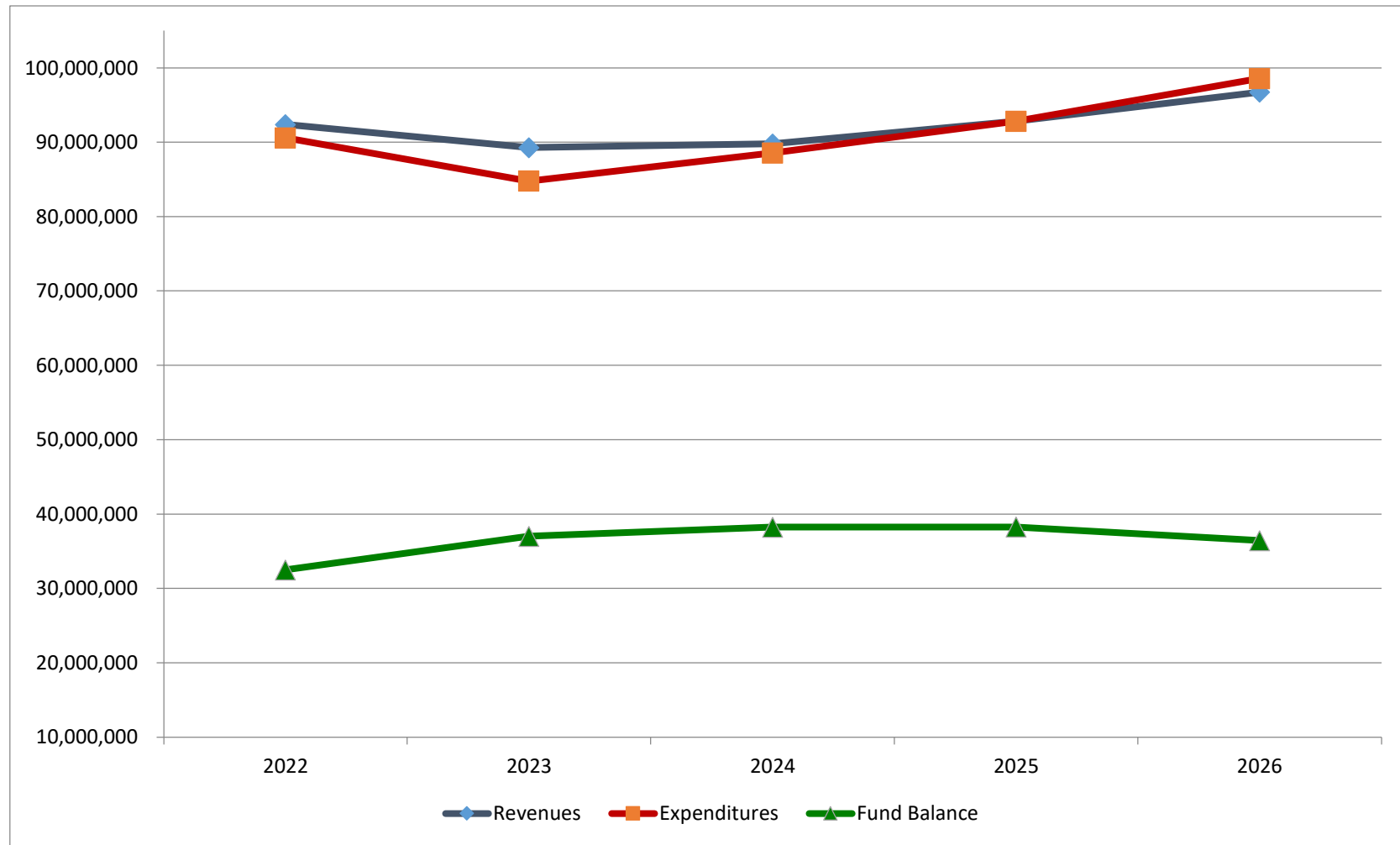
SOURCES OF FUNDS												
	2021 ACTUAL	2022 ACTUAL	2023 PROJ ACTUAL	\$ +, - From Bud	% +, - From Bud	2023 APPR BUDGET		2024 PROJ BUDGET		2025 PROJ BUDGET		2026 PROJ BUDGET
BEGINNING FUND BALANCE	\$30,700,253	\$28,572,737	\$30,408,285			\$30,408,285		\$34,912,585		\$36,142,885		\$36,163,885
TAXES												
Property Tax	\$ 25,720,235	\$ 25,791,194	\$ 24,445,000	(\$1,600,000)	-6%	\$ 26,045,000	-1%	\$ 25,845,000	7%	\$ 27,699,000	10%	\$ 30,385,000
Sales Tax	15,162,957	15,993,182	16,139,000	(\$522,000)	-3%	16,661,000	-1%	16,462,000	3%	16,956,000	3%	17,464,000
Home Rule Sales Tax	6,567,847	7,207,064	7,311,000	\$211,000	3%	7,100,000	5%	7,457,000	3%	7,681,000	3%	7,911,000
Use Tax	2,961,695	3,151,457	3,223,000	\$178,000	6%	3,045,000	5%	3,200,000	0%	3,200,000	0%	3,200,000
Income Tax	9,939,827	12,657,093	12,673,000	\$78,000	1%	12,595,000	3%	12,927,000	3%	13,315,000	3%	13,714,000
Food & Beverage Tax	2,139,900	2,301,416	2,417,000	(\$5,000)	0%	2,422,000	2%	2,465,000	3%	2,540,000	3%	2,616,000
Telecommunications Tax	1,684,735	1,651,598	1,626,000	\$82,000	5%	1,544,000	3%	1,593,000	-2%	1,561,000	-2%	1,530,000
Hotel Tax	641,947	937,369	930,000	\$180,000	24%	750,000	24%	930,000	0%	930,000	0%	930,000
Electric Utility Tax	2,898,554	2,803,493	2,768,000	(\$132,000)	-5%	2,900,000	-3%	2,800,000	0%	2,800,000	0%	2,800,000
Natural Gas Utility Tax	2,045,023	2,118,406	2,058,000	(\$42,000)	-2%	2,100,000	0%	2,100,000	0%	2,100,000	0%	2,100,000
All Other Taxes	1,086,567	1,924,458	1,635,000	(\$240,000)	-13%	1,875,000	-17%	1,565,000	0%	1,565,000	0%	1,565,000
TOTAL TAXES	70,849,288	76,536,731	75,225,000	(1,812,000)	-2%	77,037,000	0%	77,344,000	4%	80,347,000	5%	84,215,000
INTERGOVERNMENTAL LICENSES/PERMITS	675,234	729,356	628,000	(\$10,100)	-2%	638,100	-2%	628,000	0%	628,000	0%	628,000
Vehicle Licenses	1,395,388	1,305,356	1,300,000	(\$100,000)	-7%	1,400,000	-100%	0	0%	0	0%	0
Business Licenses	702,685	694,352	700,000	\$50,000	8%	650,000	8%	700,000	0%	700,000	0%	700,000
Building Permits	1,436,372	1,703,373	1,499,300	(\$11,200)	-1%	1,510,500	-1%	1,499,300	0%	1,499,300	0%	1,499,300
All Other Licenses/Permit	541,924	549,623	545,100	\$0	0%	545,100	-12%	480,100	0%	480,100	0%	480,100
TOTAL LICENSE	4,076,369	4,252,704	4,044,400	(\$61,200)	-1%	4,105,600	-35%	2,679,400	0%	2,679,400	0%	2,679,400
FEES	5,658,650	6,519,354	6,075,000	\$474,000	8%	5,601,000	8%	6,075,000	0%	6,075,000	0%	6,075,000
FINES	788,237	754,950	666,600	\$146,500	28%	520,100	28%	666,600	0%	666,600	0%	666,600
SERVICE CHG	2,175,369	2,276,341	1,563,201	\$0	0%	1,563,200	-18%	1,275,900	3%	1,311,000	3%	1,347,000
INTEREST INC.	23,140	425,423	385,000	\$225,000	141%	160,000	141%	385,000	0%	385,000	0%	385,000
SALES/REIMB/RENTS	123,242	101,435	108,000	(\$102,000)	-49%	210,000	-49%	108,000	0%	108,000	0%	108,000
OTHER	375,849	596,700	395,400	\$33,400	9%	362,000	13%	409,800	4%	424,900	4%	440,700
SUB-TOTAL	\$ 84,745,378	\$ 92,192,994	\$ 89,090,600	(\$1,106,400)	-1%	\$ 90,197,000	-1%	\$ 89,571,700	3%	\$ 92,624,900	4%	\$ 96,544,700
TRANSFERS IN	200,000	200,000	200,000	\$0	0%	200,000	0%	200,000	0%	200,000	0%	200,000
TOTAL REVENUES	\$ 84,945,379	\$ 92,392,994	\$ 89,290,600	(\$1,106,400)	-1%	\$ 90,397,000	-1%	\$ 89,771,700	3%	\$ 92,824,900	4%	\$ 96,744,700
USES OF FUNDS												
	2021 ACTUAL	2022 ACTUAL	2023 PROJ ACTUAL	\$ +, - From Bud	% +, - From Bud	2023 APPR BUDGET		2024 PROJ BUDGET		2025 PROJ BUDGET		2026 PROJ BUDGET
PERSONAL SERVICES												
Salaries	\$ 37,501,166	\$ 38,711,791	\$ 41,210,400	\$ 453,900	-1%	\$ 41,664,300	4%	\$ 43,190,800	4%	\$ 44,993,000	4%	\$ 46,647,400
Overtime	2,736,304	2,509,131	2,219,500	(\$37,200)	2%	2,182,300	3%	2,247,700	2%	2,303,700	3%	2,367,200
Special Details	374,700	369,258	434,300	\$0	0%	434,300	3%	447,400	2%	457,500	3%	471,100
Workers Compensation	1,922,600	2,134,800	2,176,900	\$500	0%	2,177,400	2%	2,220,200	2%	2,264,600	2%	2,309,800
Medical Insurance	7,722,800	8,126,400	8,383,200	\$36,400	0%	8,419,600	7%	9,040,100	8%	9,762,600	8%	10,543,000
Public Safety Pensions	8,986,000	9,076,000	9,167,000	\$0	0%	9,167,000	10%	10,071,000	14%	11,455,000	23%	14,039,000
IMRF	1,717,952	1,620,953	1,706,400	\$71,700	-4%	1,778,100	2%	1,822,300	4%	1,900,300	4%	1,978,400
Social Security	829,467	849,431	937,200	\$28,100	-3%	965,300	2%	987,900	4%	1,025,500	4%	1,062,800
Medicare	570,275	582,469	632,600	\$3,300	-1%	635,900	4%	658,900	4%	685,600	4%	710,400
Other	10,845	11,025	10,800	\$0	0%	10,800	0%	10,800	0%	10,800	0%	10,800
TOTAL PERSON	62,372,110	63,991,259	66,878,300	\$556,700	-1%	67,435,000		70,697,100		74,858,600		80,139,900
CONTRACTUAL												
IT/GIS Service Charge	1,605,700	2,018,400	2,039,500	\$0	0%	2,039,500	5%	2,142,900	3%	2,202,800	3%	2,264,300
Vehicle/Equip Lease Chai	3,105,400	3,148,800	3,460,400	\$0	0%	3,460,400	-1%	3,433,000	3%	3,536,100	3%	3,642,100
All Other Service Charge	6,965,649	7,087,247	7,986,200	(\$158,520)	2%	7,827,680	3%	8,044,000	3%	8,285,300	3%	8,507,900
TOTAL CONTRA	11,676,748	12,254,447	13,486,100	(\$158,520)	1%	13,327,580		13,619,900		14,024,200		14,414,300
COMMODITIES	2,122,077	2,500,721	2,907,200	\$20,604	-1%	2,927,804	-4%	2,821,000	3%	2,905,300	3%	2,992,000
OTHER CHARGES	1,153,149	1,011,019	1,114,700	\$276,508	-20%	1,391,208	-28%	1,003,400	1%	1,015,800	1%	1,028,500
SUB-TOTAL	\$ 77,324,085	\$ 79,757,446	\$ 84,386,300	\$695,292	-1%	\$ 85,081,592	4%	\$ 88,141,400	5%	\$ 92,803,900	6%	\$ 98,574,700
CONTINGENCY	0	0	400,000	\$0	0%	400,000	0%	400,000	-100%	0	0%	0
TRANSFERS OUT	7,550,000	10,800,000	0	\$0	0%	0	0%	0	0%	0	0%	0
TOTAL EXPENDITURES	\$ 84,874,085	\$ 90,557,446	\$ 84,786,300	\$695,292	-1%	\$ 85,481,592	4%	\$ 88,541,400	5%	\$ 92,803,900	6%	\$ 98,574,700
SURPLUS (DEFICIT)	71,294	1,835,548	4,504,300			4,915,408		1,230,300		21,000		(1,830,000)
ENDING FUND BALANCE	\$ 30,408,285	\$ 30,408,285	\$ 34,912,585			\$ 35,323,693		\$ 36,142,885		\$ 36,163,885		\$ 34,333,885
FUND BALANCE AS % OF EXP.	35.83%	33.58%	41.18%			41.32%		40.82%		38.97%		34.83%
Note: Village policy is to maintain at least a 25% fund balance.												

GENERAL FUND

REVENUES vs EXPENDITURES 2022-2026

Staff Proposal

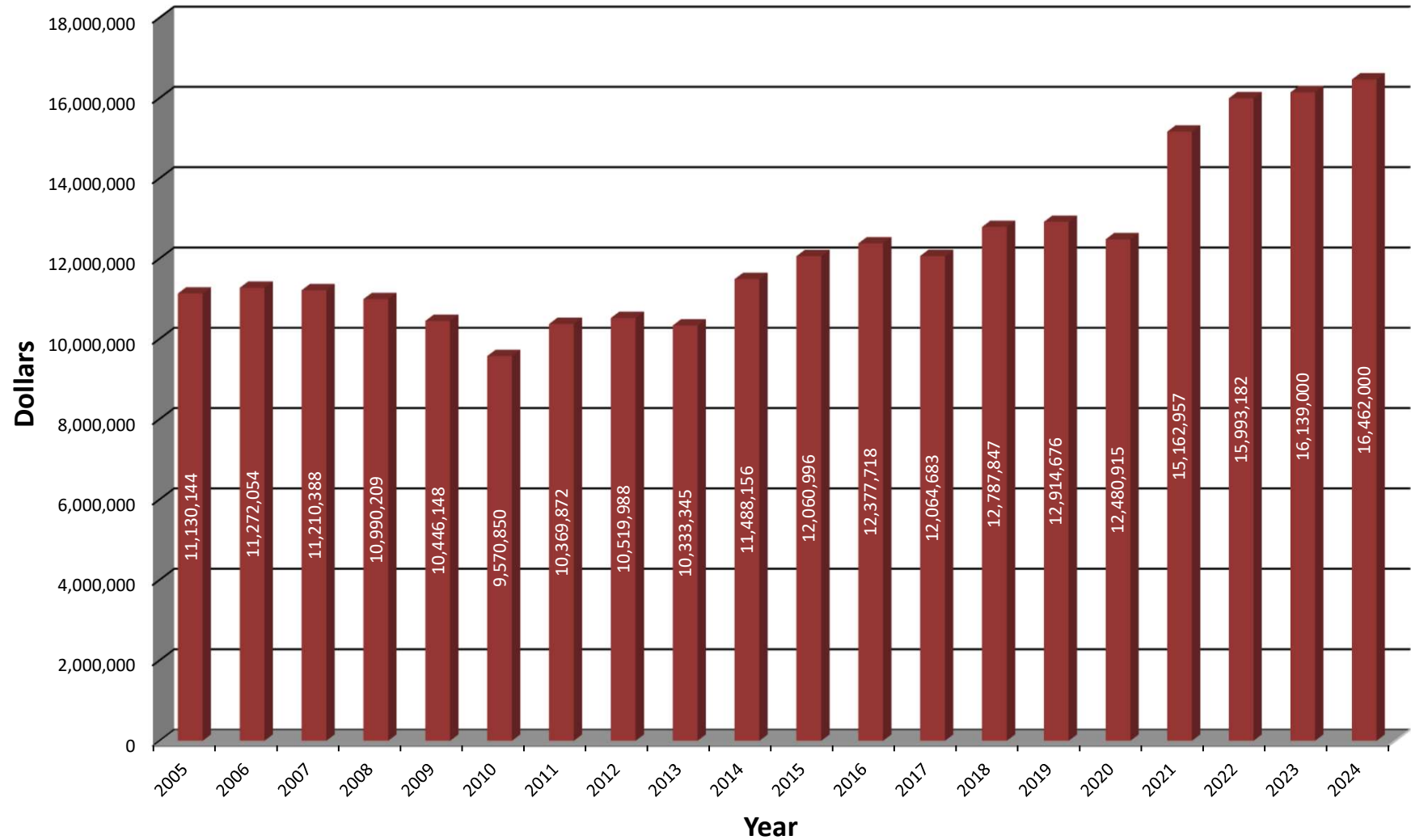
Exhibit 2



	ACTUAL 2022	ESTIMATED ACTUAL 2023	PROPOSED BUDGET 2024	PROPOSED BUDGET 2025	PROPOSED BUDGET 2026
Revenues	92,392,994	89,290,600	89,771,700	92,824,900	96,744,700
Expenditures	90,557,446	84,786,300	88,541,400	92,803,900	98,574,700
Surplus/Deficit	1,835,548	4,504,300	1,230,300	21,000	(1,830,000)
Fund Balance	32,518,893	37,023,193	38,253,493	38,274,493	36,444,493
Fund Bal as % of Expend	35.91%	43.67%	43.20%	41.24%	36.97%

Sales Tax History

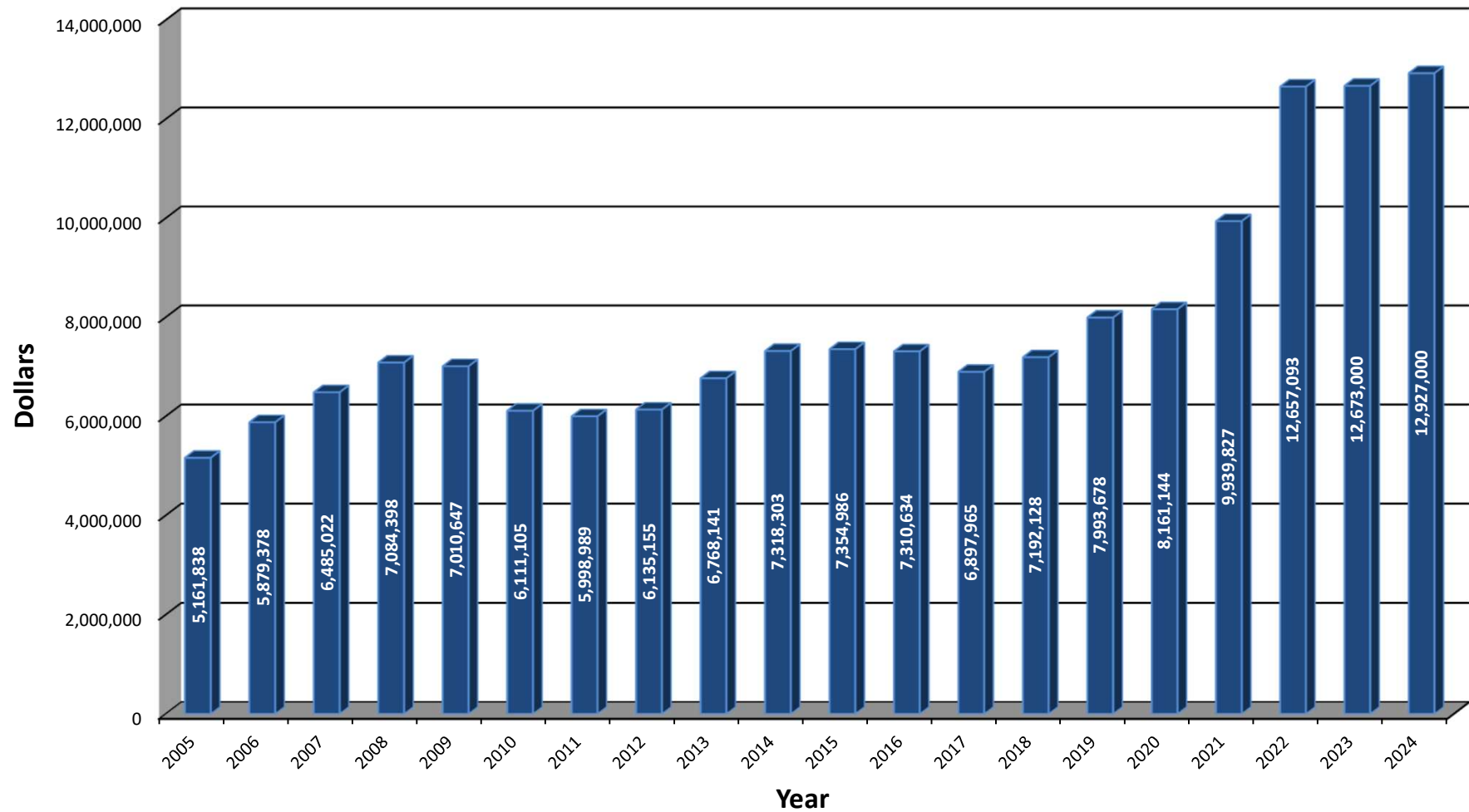
Exhibit 3



Note: The 8 month year was removed because of lower amount due to short year.

Income Tax History

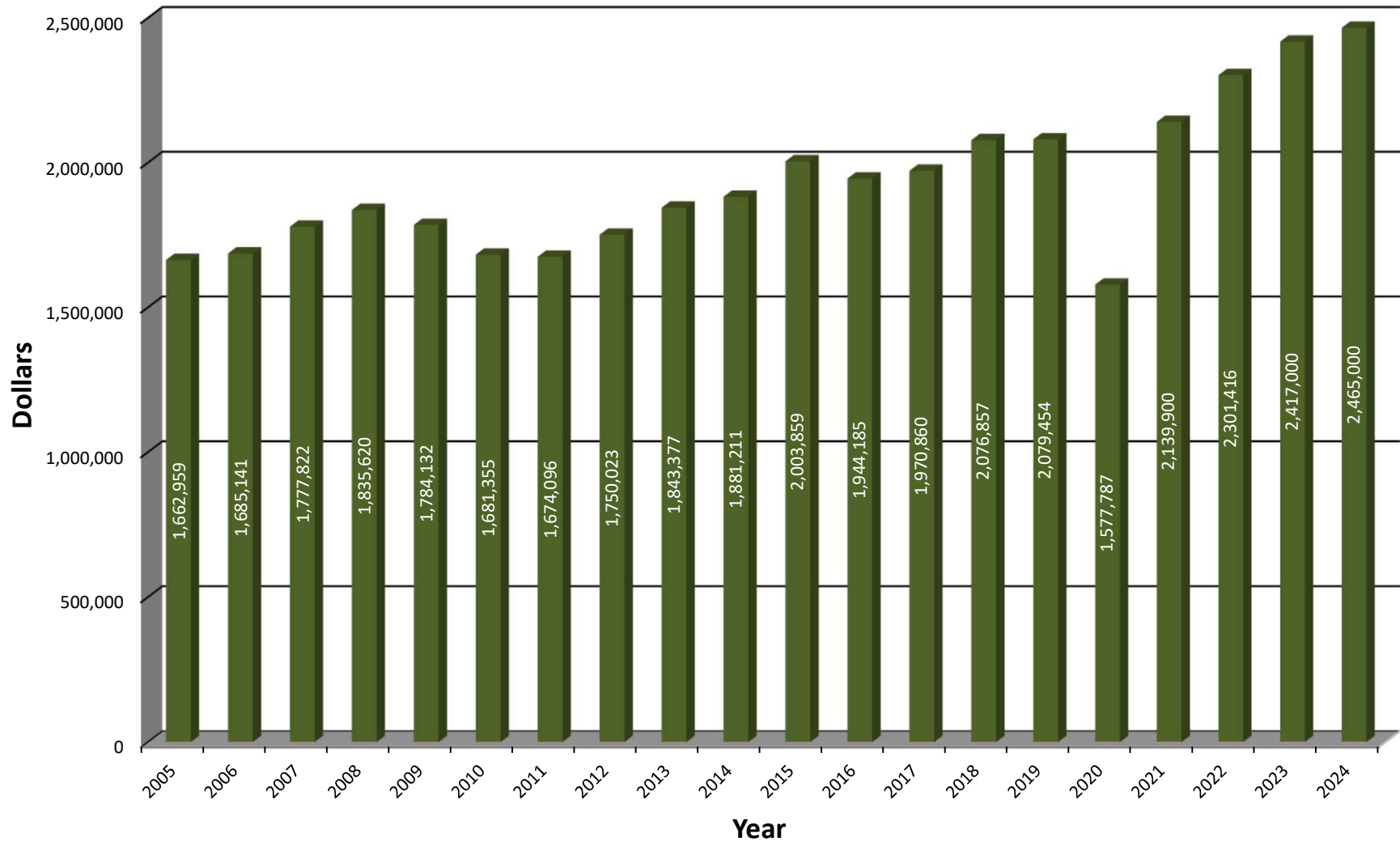
Exhibit 4



Note: The 8 month year was removed because of lower amount due to short year.

Food & Beverage Tax History (General Fund)

Exhibit 5



Note: The 8 month year was removed because of lower amount due to short year.

PROPERTY TAX LEVY HISTORY

LEVY YEARS 2003 - 2023

Exhibit 6

<u>LEVY YEAR</u>	<u>VILLAGE % INCREASE</u>	<u>LIBRARY % INCREASE</u>	<u>TOTAL % INCREASE</u>	<u>COMMENTS</u>	<u>BUDGET YEAR</u>
2023	0.00	0.00	0.00		2024
2022	0.00	0.00	0.00		2023
2021	0.00	0.00	0.00		2022
2020	0.00	0.00	0.00		2021
2019	0.00	0.00	0.00		2020
2018	1.97	1.00	1.70		2019
2017	3.68	0.00	2.61	To cover sales and State income tax decreases	2018
2016	1.95	0.00	1.38	Entire increase for street purposes (Phase 2)	2017
2015	3.59	0.00	2.51	Entire increase for street purposes (Phase 1)	2016
2014	0.00	0.00	0.00		8-mo.
2013	2.65	0.00	1.84		FY2015
2012	1.74	0.00	1.20		FY2014
2011	0.00	0.00	0.00		FY2013
2010	4.30	0.00	2.93	Police/Fire Pension Funds - market crash	FY2012
2009	5.74	1.77	4.44	Police/Fire Pension Funds - market crash	FY2011
2008	0.32	0.00	0.21		FY2010
2007	2.48	4.90	3.26		FY2009
2006	11.14	9.20	10.51	Taxing districts captured expiration of TIF #1	FY2008
2005	14.67	4.99	11.32	Fire Pension benefit increase - State legislation	FY2007
2004	11.98	4.00	9.09	Police/Fire Pension benefit increase - State legislation	FY2006
2003	2.14	0.99	1.72		FY2005

VILLAGE OF ARLINGTON HEIGHTS
TOTAL ESTIMATED VILLAGE AND LIBRARY CALCULATIONS
2023 Tax Levy for the 2024 Budget

Exhibit 7

	<u>2022 LEVY FOR 2023 BUDGET YEAR</u>	<u>PROPOSED 2023 LEVY FOR 2024 BUDGET YEAR</u>	<u>DOLLAR CHANGE</u>	<u>% CHANGE</u>	
POLICE PROTECTION	6,750,000	6,076,000	(674,000)	-9.99%	
FIRE PROTECTION	6,750,000	6,076,000	(674,000)	-9.99%	=> General Fd rev - exp gap
IMRF	1,778,000	1,976,000	198,000	11.14%	Wage projections
SOCIAL SECURITY	1,600,000	1,646,000	46,000	2.88%	Wage projections
POLICE PENSION FUND	3,911,000	4,190,000	279,000	7.13%	Actuary ARC
FIRE PENSION FUND	5,256,000	5,881,000	625,000	11.89%	Actuary ARC
TOTAL GENERAL FUND	26,045,000	25,845,000	(200,000)	-0.77%	
CAPITAL IMPROVEMENT	5,500,000	5,700,000	200,000	3.64%	
DEBT SERVICE	6,498,000	6,498,000	0	0.00%	Bond Documents
TOTAL VILLAGE TAX LEVY	38,043,000	38,043,000	0	0.00%	
TOTAL LIBRARY TAX LEVY	14,828,000	14,828,000	0	0.00%	
GRAND TOTAL TAX LEVY	52,871,000	52,871,000	0	0.00%	

WATER AND SEWER FUND

THREE YEAR PROJECTIONS

FISCAL YEARS 2024 THROUGH 2026

Exhibit 8

SOURCES OF FUNDS

	2022 ACTUAL	2023 EST ACTUAL	2023 CURRENT BUDGET	2024 PROP BUDGET	2025 PROJ BUDGET	2026 PROJ BUDGET
BEGINNING WORKING CASH	\$ 11,392,198	\$ 14,692,666	\$ 14,692,666	\$ 10,736,566	\$ 8,363,366	\$ 3,553,766
CHARGES FOR SERVICE	21,161,257	23,064,000	23,049,500	24,174,000	24,174,000	24,174,000
INTEREST INC.	213,937	125,000	30,000	125,000	125,000	125,000
SALES/REIMB/RENTS	60,575	58,000	63,000	58,000	58,000	58,000
OTHER	1,251,351	358,600	348,600	30,000	30,000	30,000
SUB-TOTAL	22,687,120	23,605,600	23,491,100	24,387,000	24,387,000	24,387,000
TRANSFERS IN	1,200,000	-	-	-	-	-
TOTAL REVENUES	\$ 23,887,120	\$ 23,605,600	\$ 23,491,100	\$ 24,387,000	\$ 24,387,000	\$ 24,387,000

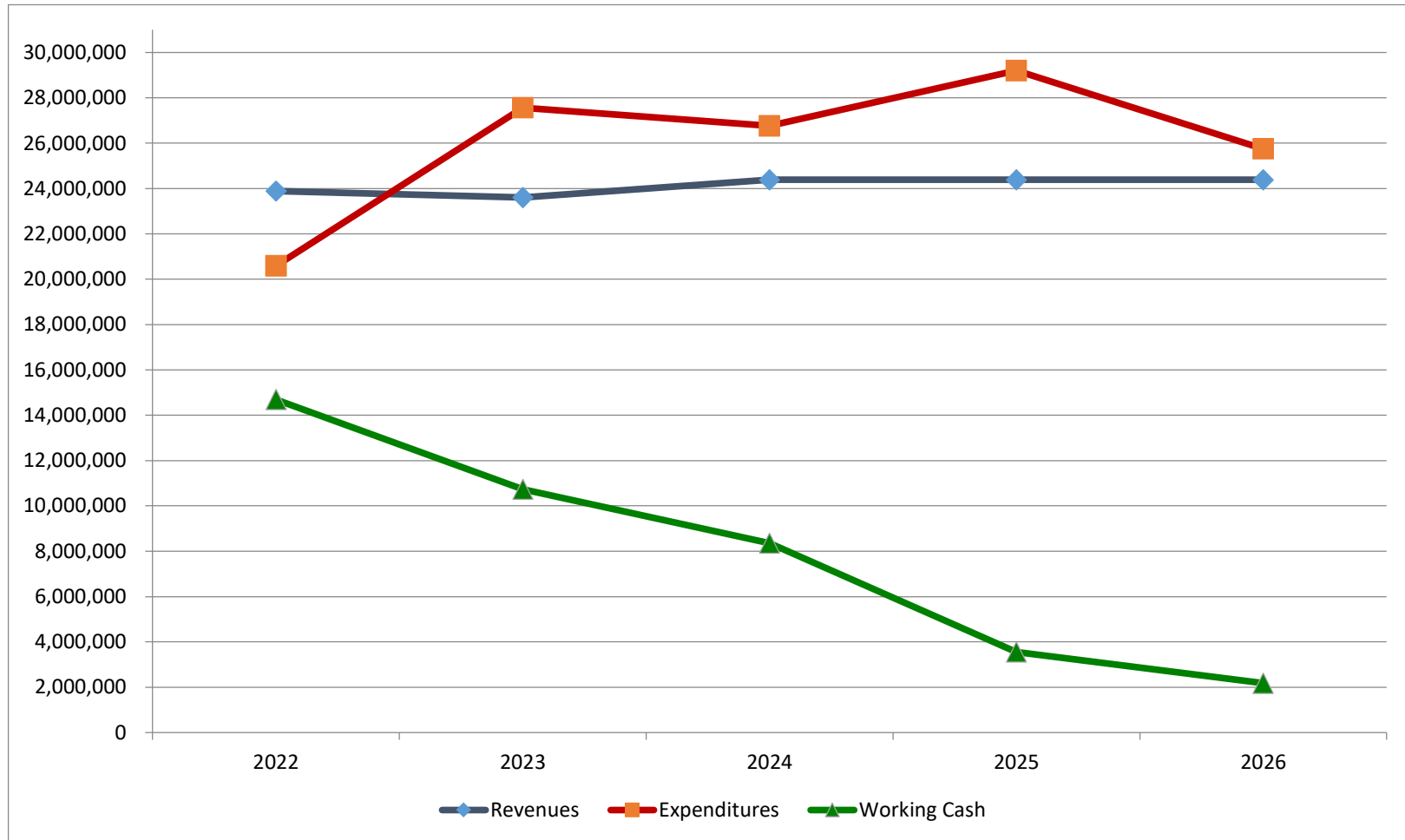
USES OF FUNDS

	2022 ACTUAL	2023 EST ACTUAL	2023 CURRENT BUDGET	2024 PROP BUDGET	2025 PROJ BUDGET	2026 PROJ BUDGET
PERSONAL SERVICES	\$ 6,838,613	\$ 7,258,800	\$ 7,382,900	\$ 7,606,400	\$ 7,959,300	\$ 8,321,800
CONTRACTUAL	2,825,378	2,975,700	2,975,724	3,018,300	3,107,400	3,198,900
NORTHWEST WATER COMMISSION	4,177,840	4,303,200	4,303,200	4,432,300	4,565,300	4,702,300
COMMODITIES	977,017	862,800	862,843	861,400	887,400	913,900
OTHER CHARGES	662,231	1,193,900	1,193,900	1,194,400	1,194,900	1,195,400
CAPITAL ITEMS	5,105,572	10,707,900	13,115,005	9,347,400	11,482,300	7,423,800
SUB-TOTAL	20,586,651	27,302,300	29,833,572	26,460,200	29,196,600	25,756,100
CONTINGENCY	-	259,400	259,400	300,000	-	-
TRANSFERS OUT	-	-	-	-	-	-
TOTAL EXPENDITURES	20,586,651	27,561,700	30,092,972	26,760,200	29,196,600	25,756,100
SURPLUS (DEFICIT)	3,300,468	(3,956,100)	(6,601,872)	(2,373,200)	(4,809,600)	(1,369,100)
ENDING WORKING CASH	\$14,692,666	\$10,736,566	\$8,090,794	\$8,363,366	\$3,553,766	\$2,184,666
WORKING CASH AS % OF EXPENDITUR	71%	39%	27%	31%	12%	8%

Note: Village policy is to maintain at least a 25% fund balance.

WATER AND SEWER FUND REVENUES vs EXPENDITURES 2022-2026

Exhibit 9



	ACTUAL 2022	ESTIMATED ACTUAL 2023	PROPOSED BUDGET 2024	PROPOSED BUDGET 2025	PROPOSED BUDGET 2026
Revenues	23,887,120	23,605,600	24,387,000	24,387,000	24,387,000
Expenditures	20,586,651	27,561,700	26,760,200	29,196,600	25,756,100
Surplus/Deficit	3,300,468	(3,956,100)	(2,373,200)	(4,809,600)	(1,369,100)
Working Cash	14,692,666	10,736,566	8,363,366	3,553,766	2,184,666
Fund Bal as % of Expend	71%	39%	31%	12%	8%

BUDGET CALENDAR

For Preparation of 2024 Budget

(January 1, 2023 – December 31, 2023)

Exhibit 10

DATE	DAY	ACTIVITY
March - June, 2023	–	2024-2028 Capital Improvement Project Recap prepared.
June 20, 2023	Tuesday	Operating fund overview, recommended budget ceilings and proposed 2023 tax levy released to Village Board for discussion at June 26 th Committee-of-the-Whole meeting. 2024-2028 CIP Recap memo released to Village Board for discussion at June 26 th Committee-of-the-Whole.
June 26, 2023	Monday	Committee-of-the-Whole reviews audit, 2024-2028 Capital Improvement Program Recap memo, and discusses the Operating Fund Overview, Recommended 2024 Budget Ceilings, and proposed 2024 tax levy.
July 7, 2023	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
July 17, 2023	Monday	Board considers any motions stemming from June 26 th Committee-of-the-Whole meeting regarding the recommended 2024 Budget Ceilings.
August 7, 2023	Monday	Department budget requests and projections due.
Aug 7 – Sep 1, 2023	–	Finance Department compiles departmental budget submissions.
September 1, 2023	Friday	First draft of 2024 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 11 – Sep 15, 2023	–	Departments meet with Village Manager and Budget Team.
Sep 15 – Oct 20, 2023	–	Final draft of 2024 budget prepared.
October 30, 2023	Monday	Release final draft of 2024 Budget to Village Board.
November 13, 2023	Monday	1st Budget Meeting – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, Legal, Health & Human Services, HR, Finance, Building Services, and Police
November 15, 2023	Wednesday	2nd Budget Meeting – Budgets for Metropolis Theater, Boards & Commissions, Planning & Community Development, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire
November 16, 2023	Thursday	3rd Budget Meeting – If needed
November 22, 2023	Wednesday	Notice of Public Hearing on 2024 Budget published in newspaper.
December 4, 2023	Monday	Board approves 2023 Tax Levy and Abatement Ordinances. Public Hearing on 2024 Budget. Approval of 2024 Budget at formal meeting.