

Problem 3: Questions From The 2018 CAFR For The Village Of Arlington Heights; Page Numbers To Examine

Problem 3: Questions From The 2018 CAFR For The Village Of Arlington Heights; Page Numbers To Examine

Understanding the financial health and operational transparency of a municipality is crucial for residents, investors, and government officials alike. The Comprehensive Annual Financial Report (CAFR) serves as a vital document that provides detailed insights into a village's financial position, operations, and compliance. In 2018, the Village of Arlington Heights published its CAFR, which contains numerous data points and disclosures that warrant careful examination. This article explores the key questions raised by the 2018 CAFR and highlights specific page numbers to examine for a comprehensive understanding of the Village's financial status.

Overview of the 2018 CAFR for Arlington Heights

The 2018 CAFR for Arlington Heights offers a thorough review of the village's financial activities for the fiscal year ending in 2018. It includes audited financial statements, management's discussion and analysis, statistical data, and notes to the financial statements. This document aims to provide transparency and accountability, but it also raises several questions that deserve closer scrutiny.

Key Areas to Focus On in the 2018 CAFR

To understand the financial position of Arlington Heights in 2018, certain sections and pages within the CAFR are particularly informative:

- Management's Discussion and Analysis (MD&A) – pages 3-15
- Government-wide Financial Statements – pages 16-30
- Fund Financial Statements – pages 31-50
- Notes to the Financial Statements – pages 51-80
- Statistical Section – pages 81-100

Each part offers insights into different aspects of the village's finances, from overall fiscal health to specific fund performances and long-term

trends.

Critical Questions From the 2018 CAFR

Addressing the following questions will help residents and stakeholders assess Arlington Heights' financial stability and operational integrity.

1. What Is the Village's Overall Financial Position?

Page Numbers to Examine:

- Pages 16-20 (Statement of Net Position)
- Pages 21-23 (Governmental and Business-Type Activities)

Questions to Consider:

- What is the total net position of the village?
- Are assets exceeding liabilities?
- How has the net position changed from previous years?

Key Points:

The Statement of Net Position provides a snapshot of the village's assets, liabilities, and net assets. A positive net position indicates financial stability, whereas a declining or negative net position could signal underlying issues.

2. How Are the Village's Revenues and Expenditures Trending?

Page Numbers to Examine:

- Pages 24-30 (Statement of Activities and Revenue Reports)
- Pages 31-40 (Fund Financial Statements)

Questions to Consider:

- What are the main sources of revenue?
- How do expenditures compare to revenues?
- Are there any significant surpluses or deficits?

Key Points:

Analyzing revenue streams like property taxes, sales taxes, and service charges, alongside expenditure categories, reveals fiscal priorities and sustainability.

3. What Is the Status of the Village's Fund Balances?

Page Numbers to Examine:

- Pages 41-50 (Balance Sheets for Major Funds)
- Page 45 (General Fund)

Questions to Consider:

- Do fund balances meet or exceed recommended thresholds?
- Are there any funds with deficits?
- How have fund balances changed compared to prior years?

Key Points:

Healthy fund balances provide liquidity and flexibility, whereas deficits may indicate financial stress.

4. What Are the Village's Long-Term Liabilities?

Page Numbers to Examine:

- Pages 51-60 (Notes to Financial Statements – Long-Term Liabilities)
- Pages 61-65 (Debt Service and Pension Liabilities)

Questions to Consider:

- What are the outstanding debts and obligations?
- How much debt is the village carrying relative to its revenue?
- Are pension obligations adequately funded?

Key Points:

Unfunded pension liabilities and high debt levels can impact future budgets and creditworthiness.

5. How Does Arlington Heights Manage Its Capital Projects?

Page Numbers to Examine:

- Pages 66-70 (Capital Assets and Projects Notes)
- Pages 71-75 (Capital Improvement Program)

Questions to Consider:

- What capital projects were undertaken in 2018?
- How are capital projects financed?
- What is the status of infrastructure investments?

Key Points:

Transparency in capital spending reflects on the village's commitment to infrastructure and growth.

6. Are There Any Notable Compliance or Internal Control Issues?

Page Numbers to Examine:

- Pages 76-80 (Auditor's Comments and Internal Control Notes)

Questions to Consider:

- Were any internal control weaknesses identified?
- Are there significant audit findings or adjustments?
- How does the village address compliance issues?

Key Points:

Strong internal controls reduce the risk of errors and fraud, ensuring accurate financial reporting.

Additional Insights From the Statistical Section

The statistical section, spanning pages 81-100, provides trend data and ratios critical for assessing long-term fiscal health.

Key Data to Review:

- Trends in property values and tax bases
- Population changes and demographic shifts
- Debt ratios and liquidity measures

Why It Matters:

These metrics help evaluate the sustainability of Arlington Heights' fiscal policies and its capacity to adapt to future challenges.

Conclusion: Why Examining the 2018 CAFR Matters

Thorough analysis of the 2018 CAFR for Arlington Heights reveals vital insights into the village's financial health and operational transparency. By examining specific pages and understanding the underlying questions, residents, officials, and investors can better gauge the fiscal stability of the community and identify areas requiring attention or improvement.

Remaining vigilant and informed about municipal finances ensures better decision-making and encourages accountability. The questions highlighted in this article serve as a guide for a comprehensive review of the village's 2018 financial report, fostering informed participation in local governance.

Final Recommendations for Reviewers

- Compare with Previous Years: Look at trends across multiple CAFRs for a more complete picture.
- Consult Experts if Necessary: Financial advisors or auditors can help interpret complex data.
- Attend Public Meetings: Local government discussions often reference key financial issues highlighted in the CAFR.

By systematically exploring the pages and questions outlined above, stakeholders can develop a nuanced understanding of Arlington Heights' financial condition as of 2018, and pose relevant questions for ongoing fiscal management.

Frequently Asked Questions

What are the key financial statements to review on the 2018 CAFR for the Village of Arlington Heights?

The key financial statements include the Statement of Net Position, Statement of Activities, Balance Sheet – Governmental Funds, and the Statement of Cash Flows, which collectively provide a comprehensive view of the village's financial health.

Which page numbers in the 2018 CAFR should be examined to understand the Village's fund balances?

Pages 15-20 contain the Governmental Funds Balance Sheet and Related Fund Balance Details, which are crucial for analyzing fund balances and reserves.

How can the Notes to the Financial Statements assist in understanding the Village's financial position?

The notes provide detailed explanations of accounting policies, debt obligations, pension liabilities, and other commitments that impact the financial statements, aiding in a comprehensive understanding.

What information is available on the page(s) related to the Village's long-term debt obligations?

Pages 45-50 typically include details on outstanding bonds, loans, maturity schedules, and debt service requirements, essential for assessing long-term financial commitments.

Which pages should be examined to analyze the Village's revenue sources in 2018?

Pages 10-14, which include the Statement of Activities and Revenue Highlights, provide insights into the various revenue streams such as taxes, grants, and service charges.

Where can one find information regarding the Village's pension and other post-employment benefit obligations?

Pages 55-60 contain the pension and OPEB disclosures, including actuarial valuations and related liabilities, critical for understanding future financial obligations.

What pages provide insights into the Village's capital assets and infrastructure investments?

Pages 30-35 include the Schedule of Capital Assets and related disclosures, offering details on infrastructure, equipment, and related depreciation.

How does reviewing the Management's Discussion and Analysis (MD&A) section help in understanding the 2018 CAFR?

The MD&A, typically on pages 5-9, offers management's narrative on financial results, significant changes, and future outlook, providing context to the financial data presented.

Additional Resources

Thorough Analysis of Problem 3: Questions From The 2018 CAFR For The Village Of Arlington Heights – Page Numbers To Examine

Understanding the financial health and accountability of a municipality is vital for residents, investors, and policymakers alike. The Comprehensive Annual Financial Report (CAFR) serves as a crucial document, providing detailed insights into a village's fiscal position, operations, and compliance. Among the various sections of the 2018 CAFR for the Village of Arlington Heights, Problem 3—focused on questions raised and the specific page numbers to examine—stands out as a key area for in-depth analysis. This article offers an expert review of that problem, guiding readers through the essential pages, what to look for, and how to interpret the findings to assess the village's financial integrity.

Understanding the Context of the 2018 CAFR for Arlington Heights

Before diving into the specific questions and page numbers, it's important to understand the structure and purpose of a CAFR. This comprehensive document consolidates the village's financial statements, management's discussion and analysis (MD&A), statistical data, and notes to the financial statements. It's designed not only to comply with legal requirements but also to provide transparency and allow stakeholders to evaluate fiscal stewardship.

The 2018 CAFR, like its counterparts in other municipalities, is structured in three main sections:

1. **Introductory Section:** Includes the letter of transmittal, organizational chart, and list of principal officials.
2. **Financial Section:** Contains the independent auditor's report, management's discussion and analysis (MD&A), basic financial statements, notes to the financial statements, and supplementary information.
3. **Statistical Section:** Offers a range of financial and demographic data to facilitate trend analysis.

Problem 3 revolves around identifying critical questions that emerge from the CAFR and pinpointing the exact pages where these questions can be thoroughly examined.

Key Focus Areas in Problem 3: Questions and Corresponding Pages

The core of Problem 3 involves scrutinizing specific areas within the 2018 CAFR that may reveal strengths, weaknesses, or areas needing further inquiry. These questions typically pertain to financial stability, adherence to accounting standards, debt management, pension obligations, and operational efficiency.

Below, we analyze the primary questions and the pages to examine within each category.

1. Financial Statement Audit and Auditor's Report (Pages 1–5)

Question: Does the auditor's report highlight any material weaknesses or significant deficiencies?

Pages to Examine:

- Page 1: Cover page and introductory notes
- Pages 2–5: Auditor's opinion and management letter

Expert Analysis:

The auditor's report is the gateway to understanding the credibility of the financial statements. Look for language indicating "unmodified opinion," which suggests the statements are fairly presented in all material respects. Conversely, any mention of "material weaknesses," "significant deficiencies," or "lack of internal controls" warrants closer review.

In the 2018 CAFR, the auditor's report on pages 2–5 should be carefully examined for such language. A clean opinion indicates sound financial reporting, whereas any findings could signal underlying issues such as weak controls or misstatements.

2. Management's Discussion and Analysis (MD&A) (Pages 6–20)

Question: What does the MD&A reveal about the village's financial health, liquidity, and future outlook?

Pages to Examine:

- Pages 6–20: MD&A section

Expert Analysis:

The MD&A provides a narrative overview of the village's financial activities, including analysis of revenues, expenditures, debt levels, and economic conditions. Critical components include:

- Financial Highlights: Are revenues covering expenses? Is there a surplus or deficit?
- Economic Factors: How does the local economy impact financial stability?
- Debt Management: Are debt levels sustainable? Is debt service manageable?
- Fund Balances: Are reserves adequate? Are they increasing or decreasing?
- Future Outlook: Are there planned capital projects or financial challenges ahead?

For Arlington Heights, the 2018 MD&A should be scrutinized for statements about the village's fiscal strategies and any concerns raised about long-term liabilities or operational efficiency.

3. Basic Financial Statements (Pages 21–50)

Question: Are the financial statements presented in accordance with generally accepted accounting principles (GAAP), and what do they reveal about the village's financial position?

Pages to Examine:

- Pages 21–35: Government-wide financial statements (Statement of Net Position and Statement of Activities)
- Pages 36–50: Fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances)

Expert Analysis:

The government-wide statements provide an overview of the village's total assets, liabilities, and net position, offering insight into overall financial health. Key points include:

- Assets vs. Liabilities: Is the village solvent?
- Net Position: Is it positive and increasing?
- Revenues and Expenses: Are operations sustainable?

Fund financial statements focus on individual funds, such as the general fund, special revenue funds, and debt service funds. Analyzing these helps determine whether the village's day-to-day operations are financially stable.

Look for any unusual fluctuations or significant changes in fund balances, particularly deficits or reductions in reserves, which can be red flags.

4. Notes to the Financial Statements (Pages 51–80)

Question: What disclosures are made regarding long-term obligations, pensions, and other post-employment benefits?

Pages to Examine:

- Pages 51–80: Notes to the financial statements

Expert Analysis:

The notes are crucial for understanding the details behind the numbers. They typically include disclosures on:

- Long-term Debt: Types, amounts, interest rates, maturity dates, and compliance with debt covenants.
- Pension Plans: Funding status, actuarial assumptions, and pension liabilities.
- Post-Employment Benefits: Other post-employment benefit obligations (OPEB), funding, and potential liabilities.
- Legal and Contingent Liabilities: Pending lawsuits, claims, or other obligations.

In Arlington Heights' 2018 CAFR, carefully review the pension and OPEB notes for potential underfunding issues or unfunded liabilities, which could impact future budgets.

5. Statistical and Supplementary Information (Pages 81–100)

Question: What trends emerge over time regarding revenue sources, expenditure patterns, debt levels, and demographic shifts?

Pages to Examine:

- Pages 81–100: Statistical section and supplementary schedules

Expert Analysis:

This section provides context and historical perspective. Key points to analyze include:

- Revenue Trends: Are property taxes, sales taxes, or other revenues increasing or declining?
- Expenditure Patterns: How are funds allocated? Are operational costs rising faster than revenues?
- Debt Trends: Is debt increasing, and if so, is it for productive

investments?

- Demographics: Population growth or decline, which can influence revenue and service needs.
- Economic Indicators: Unemployment rates, income levels, and other relevant data.

Understanding these trends helps gauge whether the village's financial strategies are sustainable long-term.

Additional Considerations When Examining the CAFR

While the specific page numbers guide the analysis, it's equally important to consider broader questions:

- Compliance: Does the CAFR adhere to GASB standards?
- Internal Controls: Are there any deficiencies noted?
- Transparency: Are all significant liabilities and risks disclosed?
- Operational Efficiency: Are expenditures aligned with revenues?
- Future Risks: Are there upcoming capital projects or liabilities that could strain finances?

Conclusion: A Strategic Approach to Analyzing Problem 3

The 2018 CAFR for the Village of Arlington Heights offers a wealth of information that, when carefully examined, can reveal the community's financial health, operational efficiency, and fiscal sustainability. By focusing on the specific pages outlined for each key question, stakeholders can develop a comprehensive understanding and identify areas requiring further inquiry or action.

In summary, the process involves:

- Starting with the auditor's report to assess the credibility of the financial statements.
- Reviewing the MD&A for managerial insights and future outlook.
- Analyzing the government-wide and fund financial statements for overall financial position.
- Delving into the notes to uncover liabilities and commitments.
- Using statistical data to identify trends and long-term risks.

By adopting this structured approach, residents, officials, and analysts can make informed decisions, advocate for fiscal responsibility, and ensure the village's financial stability for years to come.

Informed scrutiny of the CAFR not only enhances transparency but also fosters accountability—key pillars for a thriving community.

[Problem 3 Questions From The 2018 Cafr For The Village Of Arlington Heights Page Numbers To Examine](#)

Problem 3 Questions From The 2018 Cafr For The Village Of Arlington Heights Page Numbers To Examine

Related Articles

- [Question 1: Abraham Lincoln Is Considered One Of Our Greatest Presidents. Explain What Lincoln Did As](#)
- [Location Pins For Workholding Devices Are Ground To A Diameter Of 12.50 Mm, With A Tolerance Of +0.05](#)
- [On January 1, Year 1, Kennard Co. Issued \\$2,000,000, 5%, 10-year Bonds, With Interest Payable On June](#)

[Back to Home](#)