



# City of Prospect Heights, Illinois

Comprehensive Annual Financial Report

Year End April 30, 2019



Prepared by:  
The Finance Department

***CITY OF PROSPECT HEIGHTS, ILLINOIS***  
***COMPREHENSIVE ANNUAL FINANCIAL REPORT***  
***FISCAL YEAR ENDED APRIL 30, 2019***

PREPARED BY:  
FINANCE DEPARTMENT

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## INTRODUCTORY SECTION



October 21, 2019

Mayor, Members of the City Council and  
Citizens of the City of Prospect Heights

The Comprehensive Annual Financial Report (CAFR) of the City of Prospect Heights (City) for the year ended April 30, 2019 is hereby submitted as required by the Illinois Compiled Statutes. State law requires that the City issue annually a report on its financial position and activity that is 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 City of Prospect Heights. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Prospect Heights' financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City'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 City's financial statements have been audited by Eder Casella & Co, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Prospect Heights for the fiscal year ended April 30, 2019 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 auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended April 30, 2019 are fairly presented in conformity with GAAP. The independent auditors' report, located on pages 1-3, is presented as the first component of the financial section of this report.

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

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## **Profile of the City of Prospect Heights**

The City of Prospect Heights is located approximately 26 miles northwest of the City of Chicago in Cook County, Illinois. Originally settled by dairy farmers in the 1830s, the area experienced a boom in residential growth following the end of World War II and was incorporated as a City on January 31, 1976. The City has a population of 16,256 (2010 Census) and encompasses an area of approximately 4.5 square miles. It is a non-home rule community, as defined by the Illinois Constitution. The City is an established, primarily residential community best known for single-family homes on large lots, a minimum of half-acre in size. In addition, it offers condominium and apartment housing in a breadth of price ranges.

The City operates under the Council/Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and five Aldermen. Some of the City Council's more significant responsibilities include adopting the budget; passing ordinances; appointing members to Boards, Committees, and Commissions; and hiring the City Administrator and City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing day-to-day operations of the City, and for appointing employees, including the City's department heads. The Mayor, City Clerk, and City Treasurer are elected from the population at-large to four-year terms. Aldermen are elected from five wards on the basis of ward representation and serve four-year terms.

The City provides a full range of services including police protection; planning and zoning; maintenance of streets and infrastructure; sanitary and storm sewer maintenance; water distribution to selected areas of the community; maintenance of a commuter parking lot; and general administrative services.

**Local Economy:** There are a number of factors that influence the economy of a specific community and various measures are used to gauge the economic outlook. Perhaps four of the most objective measures are the level of retail sales, the employment level of the community, income levels in the community, and building activity. In Illinois, sales taxes are allocated based upon the point-of-sale, and, accordingly, represent the sales in the community. Total sales tax receipts for the calendar year ended December 31, 2018 were \$1,269,679 compared to \$1,072,834 for the previous year, an increase of 18.34%.

The City of Prospect Heights' average unemployment rate for fiscal year 2019 was 3.9%, which was .7% lower than the 4.3% average rate for the state. The City of Prospect Heights had a median family income of \$62,013, as of the 2010-14 Census, which was 8.48% higher than the State of Illinois average and 8.87% greater than the national average.

For fiscal year 2019, the City issued 638 construction permits (residential and commercial) valued at \$16.3 million, as compared to 791 permits the previous year with a value of \$9.8 million. The City is an established community with limited available open space for either residential or commercial



development. Historically, residential permit activity has focused on home remodeling, tear-down and rebuilding on existing lots and home improvement projects of existing homes. There has been a slight decrease in this activity that accounts for the decrease in permit activity, but at a lesser construction value. Commercial permit activity has been limited to redevelopment of existing business locations, with the occasional redevelopment of vacant buildings and land.

**Financial Planning:** The City's continued process of Strategic Financial Planning has ensured the long-term viability of the City, its services, capital assets, and infrastructure. The process has been in place to maintain the desirability of the community; with the long-term goal being to retain or increase its population and attract new businesses. The three main categories addressed as part of the planning process included the need to stabilize the operating budget through a combination of increased revenues and reduced or stabilized expenditures; reduction in outstanding debt; and assessment and development of a capital replacement program. A five-year capital Improvement Plan was developed and approved as part of the 2019-2020 operating and capital budget.

The City's primary focus has been on stabilizing its operating budget. On the revenue side, the City has implemented fee increases, instituted a Places for Eating tax, Video Gaming tax, increased enforcement and collection of existing revenues, and researched and compiled a database of revenue streams available to or in use by non-home rule municipalities in Illinois. On the expense side, personnel costs represent the single largest operating expense. In FY2019, the City maintained the same staffing as the prior year with no increases. The City continues to utilize outside contractors for engineering and inspection services.

The last component of the plan is to develop a capital asset and infrastructure replacement program. The City recognizes the importance of this plan, especially the need to replace its deteriorating streets. In 2008, the City did complete an assessment of its streets, their condition, and projected replacement cost. On November 2, 2010, the City Council asked for and received approval from the voters to issue \$15 million in general obligation bonds to provide funding to reconstruct its streets; as well as, complete other capital and infrastructure improvements. All phases of this project were completed by the end of FY2014.

### **Major Initiatives**

City departments were involved in a variety of projects throughout the year. Among the highlights of fiscal year 2019 are the following initiatives and accomplishments.



## Administration

- Completed competitive Request for proposal process for multi-year solid waste and recycling collection service resulting in 18 to 25 per cent rate reduction for residents.
- Obtained Regional Transportation Authority “Access to Transit” grant to support Wolf Road Sidewalk.
- Provided staff support to Natural Resources Commission, Water Committee, and Ad Hoc Willow Road Committee.
- Delivered 2019-2024 Capital Improvement Plan.
- Expanded Express Bill Pay online payment system to interface with the City’s financial software to provide automatic updates and reduce staff workload.
- Continued Willow Road planning process with Ad Hoc Willow Road Committee and Metropolitan Water Reclamation District.

## Building & Community Development Department

- River Trails Home Owners Association - Fire Restoration: On July 18, 2018 a major fire burned destroying 4 buildings and leaving 92 families without a place to live. The City’s emergency response and disaster assistance efforts were a coordinated effort by all department within the City. The Building Department then was the lead department in the reconstruction efforts. During 2019 demolition of three buildings (Bldgs #14, 15 16) which were declared unsalvageable were demolished. The fourth building (Bldg. 13) was declared sound for remodeling. After considerable planning and work, permits were issued for the remodeling of Building 13 and new construction of Buildings #14-16. Building 13 received full occupancy during July 2019. Tentative completion of the remaining buildings is the first quarter of 2020. The estimated construction value for all work related to this fire is \$11,200,000 generating permit revenue to the City of approximately \$161,660.
- Sale of arena property – The City entered into a sales agreement and closed with a national industrial developer to sell 10 acres of land owned by the City for \$2,950,000. The project received zoning entitles in the for a 153,000 sq. ft. Class A industrial building. Construction is scheduled to begin in the beginning of FY20.
- Holiday Inn Express at 600 N. Milwaukee Ave: Holiday Inn Express is the new brand that will be operating the vacant Country Inn & Suites. The ownership of the Country Inn & Suites closed the hotel in November 2018. The new ownership began remodeling in the spring of 2019 and hope to have occupancy by August 2019.
- Everclear Car Wash: The City approved an application for a car wash use in the Rand Road Retail Tax District. The car wash ownership and the City have entered into a use fee agreement to the pay the City an amount equal to the percentage of lost retail sales tax for allowing a service use in the retail district.
- Business License Consolidation: Due to other priorities with the City’s finance billing and pay system the business license component was pushed back until FY20. The streamlined process improved sending of invoices, accuracy of billing and faster collection of fees. This will continue to improve once the process is incorporated into the finance system.



- New Single-family Construction: The City has experienced an increase in number of new single-family home permits in FY19.

### **Engineering**

- Completed design and construction of road resurfacing program, including Winkleman and Apple Drive work
- Completed sewer televising of 50% of City owned sanitary sewers - Phase 1
- Completed review of Phase 1 of sewer televising contract
- Continued coordination with Metropolitan Water Reclamation District for the Willow Road Storm Water Management Improvement
- Assisted U.S. Army Corps of Engineers with assignment of remediation work for the Levee 37 project
- Completed the Community Rating System (CRS) recertification. Now the City is a rated as a Class 7 community, whose residents are eligible to receive a 15% discount in flood insurance policy premium costs.
- Started drainage studies for Arlington Countryside Area and Eastside TIF zone.
- Started Phase I design work for Wolf Road Sidewalk - Palatine Road to Train Station
- Started Phase I design work for Old Willow Road

### **Police Department**

- Replace one officer and promote one officer to Sergeant's position.
- Hire Administrative Assistant for Chief of Police to fill a vacancy.
- Install printers and card readers in cars.
- Implement e ticket system and e crash report system.
- Replace two squad cars.
- Continue to work with Northwest Central Dispatch to implement the new CAD system and Records Management System.
- Upgrade and replace cameras on eastside locations.
- Secured \$15,688 Justice Assistance Grant for Tactical Enforcement Patrol, Preventive Problematic Behavior and for Home Work Club.

### **Public Works Department**

- Upgraded the Public Works fuel distribution to a new key/code dispensing system to track and monitor use/cost center.
- Replaced underground gas and diesel fuel tank monitoring systems.
- Hired additional Maintenance Worker to fill a vacancy.
- Installed high efficiency underbody snowplows on 4 of the large plow trucks.
- Update the City's Snow Operations and Flood Operations Plans and Procedures
- Installed large concrete pad for loading Salt Dome
- Building security review- Upgraded to electronic locks for access points and storage areas in City Hall and the Police Department. Replaced weak entry door with heavy commercial unit and new locks at our City water pumping station.

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- Replace fleet pick-up plow truck that was beyond economical repair with new model.
- Worked with engineering and contractor to complete Phase 1 of the sewer televising project.

### **Finance**

- Entered into a contract with PMA Financial services to enhance the City's cash management practices to provided competitive rates on a national basis for certificates of deposit as well as other Treasury offerings.
- Entered into a contract with Azavar Audit Solutions to audit all locally imposed taxes including franchise fees to ensure compliance and collection. There are numerous zip codes within the city of Prospect Heights and there was concern that taxes were being paid and remitted to municipalities other than Prospect Heights.
- In September 2018 the City of prospect Heights issued \$1,820,000 Special service Area #6 Refunding Bonds, series 2018 resulting in \$207,000 of net present value savings for the residents within the district.
- Continued collection program of unpaid parking tickets and photo enforcement citations, with significant efforts made internally along with a third party collection agency
- System updates and enhancements to further develop automated processes and reconciliation procedures to provide more effective and efficient processing
- Approved the budget for fiscal year ending April 30, 2019 by the City Council and filed with the Cook County Clerk's office within the required time frame.
- Performed regular budgetary reviews to provide improved monitoring of the City's financial position

### **Population Projections**

As reported in the 2010 Census, the City had a population of 16,256, which reflected a decrease of 4.8%, or 825 people, as compared to the 2000 Census. This decline in population will reduce several of the City's primary revenue streams, such as income tax, local use tax, and motor fuel tax allocation that are relied upon to support basic City services.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Prospect Heights for its comprehensive annual financial report for the year ended April 30, 2018. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

**Acknowledgements**

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the finance department, as well as the police, building and zoning, public works, engineering, and water departments that provided required operational and capital assets data for the statistical section. The members of these departments have our sincere appreciation for the contributions made in preparation of this report.

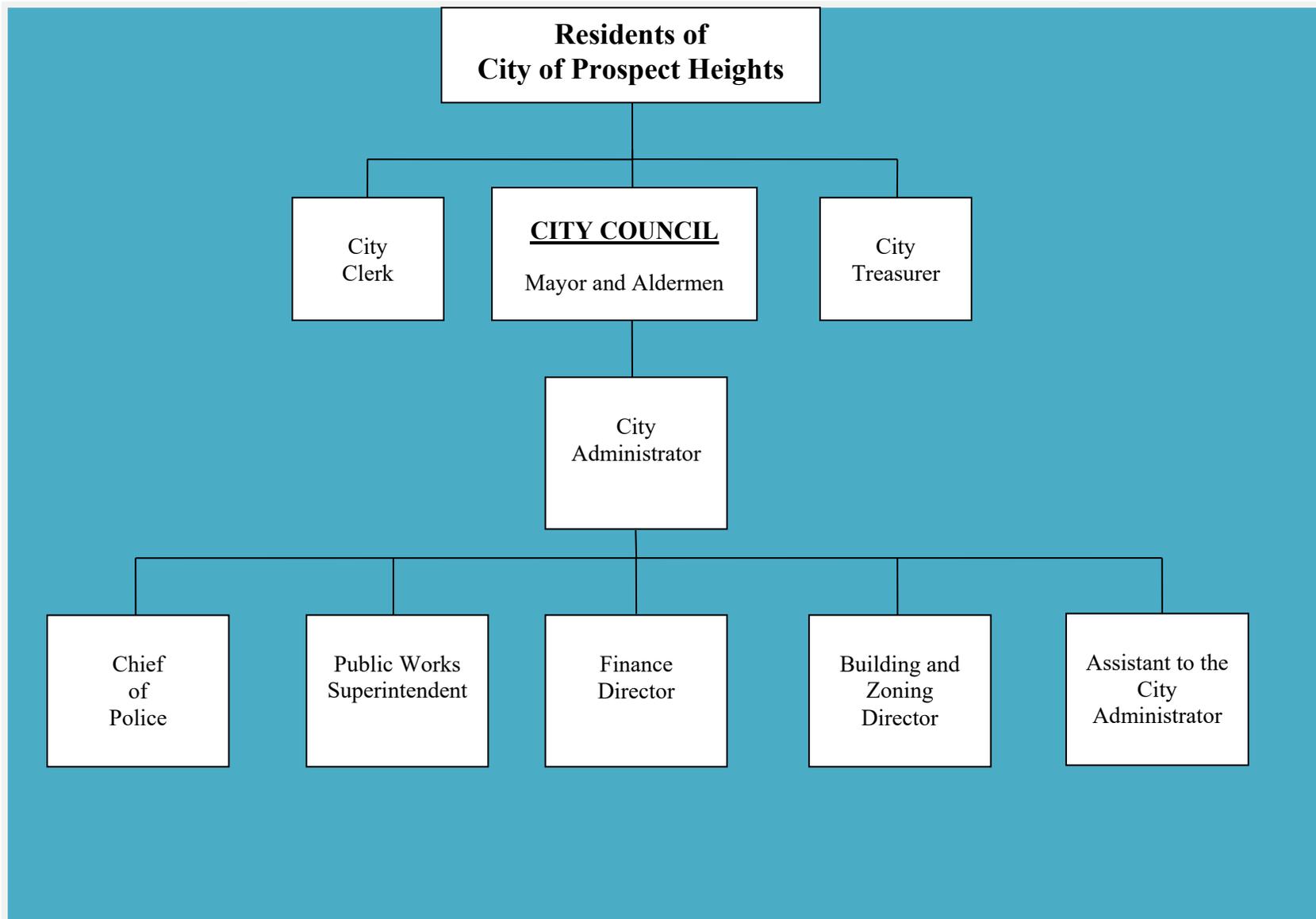
In closing, without the leadership and support of the Mayor and City Council, the preparation of this report would not have been possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael DuCharme', written over a horizontal line.

Michael DuCharme  
Finance Director

**CITY OF PROSPECT HEIGHTS, ILLINOIS**  
**Organizational Chart**  
**April 30, 2019**





**The Government Finance Officers Association  
of the United States and Canada**

*presents this*

**AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Finance Department**  
City of Prospect Heights, Illinois



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morvill*

Date March 27, 2019

**CITY OF PROSPECT HEIGHTS, ILLINOIS**

**PRINCIPAL OFFICIALS**

APRIL 30, 2019

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**CITY COUNCIL**

Nicholas J. Helmer, Mayor

Michelle Cameron, Alderman

Patrick Ludvigsen, Alderman

Kathleen Quinn, Alderman

Matthew Dolick, Alderman

Wendy Morgan-Adams, Alderman

Joanna Prisiajniouk, City Clerk

Richard Tibbits, City Treasurer

**ADMINISTRATION**

Joe Wade, City Administrator

Chief of Police .....Jim Zawlocki

Building and Zoning Director ..... Dan Peterson

Finance Director .....Michael DuCharme

Public Works Director ..... Mark Roscoe

FINANCIAL SECTION



815.344.1300 mchenry  
 847.382.3366 barrington  
 847.336.6455 gurnee  
 www.edercasella.com

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council Members  
 City of Prospect Heights, Illinois

### Report on the Financial Statements

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

City of Prospect Heights

as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each

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&  
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major fund, and the aggregate remaining fund information of City of Prospect Heights as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 21, 2019

REQUIRED SUPPLEMENTARY INFORMATION

# **CITY OF PROSPECT HEIGHTS, ILLINOIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2019

The City of Prospect Heights (the "City") Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial positions (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 the 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, which can be found in the Introductory Section, and the City's financial statements and footnotes, immediately following this MD&A.

### **USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The City's financial statements present two kinds of statements, each with a different snapshot of the City's finances. The financial statements' focus is on both the City 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 City's accountability.

#### **Government-wide Financial Statements**

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial condition. Financial reporting at this level uses accounting similar to full accrual accounting such as in the private sector. Interfund activity is eliminated, the cost of assets with a long service life is spread out over future years, so that capital expenditures are amortized through depreciation when the benefits are realized, and long-term debt is reported.

The first government-wide statement is the Statement of Net Position that presents information about all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences reported as net position. Over a multiyear period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the City. Additionally, one would need to evaluate nonfinancial factors, such as the condition of the City's infrastructure, the satisfaction of the constituents, and other information beyond the scope of this report to make a more complete assessment of whether the City as a whole has improved.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The City of Prospect Heights' governmental activities include general government, public safety, public works and Chicago Executive Airport. The business-type activities include the Water Fund, Sewer Fund, and Parking Fund. The Police Pension Plan fiduciary activity is not available to fund City programs, and, therefore, is not included in the government-wide statements but is presented in this document at the end of the fund financial statements.

## **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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### *Governmental Funds.*

Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Unlike the government-wide financial statements, governmental fund financial information focuses on the near-term flow of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation, on the page following each statement, to facilitate the comparison between governmental funds and governmental activities. *The basic governmental funds financial statements can be found beginning on page 15 of this report.*

The City 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 Fund, Development Fund, Capital Projects Fund and Road Construction Debt Fund, because they are major funds, either by definition or through designation by the City. Major funds are defined as those governmental or enterprise funds whose total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the totals for all funds of that category (governmental or enterprise) and at least 5% of the combined totals for governmental and enterprise funds. The remaining thirteen funds' data is combined into a single column labeled "nonmajor governmental funds." *Individual fund data for these nonmajor governmental funds is presented beginning on page 70 of this report.*

### *Proprietary Funds*

There are two categories of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has three enterprise funds, the Water Fund, Sewer Fund and the Parking Fund. The City included the Airport Fund as separate propriety fund in prior years. The City now includes the Chicago Executive Airport as an asset in governmental activities. *Financial activity of the City's enterprise funds is shown in more detail than the government-wide financial statements and can be found beginning on page 21 of this report.*

### *Fiduciary Funds*

The Police Pension Fund is the City's only fiduciary fund. This fiduciary fund is not reflected in the government-wide financial statements because its resources are not available to support the City's programs, but are used to account for resources held for the benefit of the eligible police officers. The accounting used for fiduciary funds is similar to that used for proprietary funds. *The Police Pension fund financial statements can be found beginning on page 24 of this report.*

## Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and the fund financial statements. *The notes begin on page 26 of this report.*

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's funding of pension and other postemployment benefits obligations to its employees, and budget information. Required supplementary information can be found beginning on page 60 of this report.

**Infrastructure Assets** A government's largest group of assets is typically its infrastructure (i.e. roads, bridges, storm sewers, etc.). A government must elect to either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City has chosen to depreciate assets over their useful lives. If a road project is considered maintenance – a recurring cost that does not extend the road's useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of road will be considered maintenance, whereas a "rebuild" of a road will be capitalized.

## GOVERNMENT-WIDE STATEMENTS

### Statement of Net Position

The City's net position as of April 30, 2019 was \$80,001,817, which represents an increase of \$2,161,137 as compared to the April 30, 2018 amounts. The City's net position from governmental activities increased by \$1,431,990 and net position from business-type activities increased by \$729,147 based upon FY2018 balances. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2019 compared to April 30, 2018. *More detailed information can be found in the Statement of Net Position on page 15.*

City of Prospect Heights' Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018
Assets						
Current and Other Assets	\$ 68,224,230	\$ 67,639,468	\$ 3,038,355	\$ 2,284,616	\$ 71,262,585	\$ 69,924,084
Capital Assets	32,065,867	31,711,922	3,883,275	3,935,418	35,949,142	35,647,340
Total Assets	\$ 100,290,097	\$ 99,351,390	\$ 6,921,630	\$ 6,220,034	\$ 107,211,727	\$ 105,571,424
Deferred Outflows of Resources	\$ 2,220,494	\$ 2,308,712	\$ 64,957	\$ 23,611	\$ 2,285,451	\$ 2,332,323
Liabilities						
Current Liabilities	\$ 1,545,475	\$ 1,059,964	\$ 64,919	\$ 40,023	\$ 1,610,394	\$ 1,099,987
Noncurrent Liabilities	25,239,764	24,859,553	529,503	485,207	25,769,267	25,344,760
Total Liabilities	\$ 26,785,239	\$ 25,919,517	\$ 594,422	\$ 525,230	\$ 27,379,661	\$ 26,444,747
Deferred Inflows of Resources	\$ 2,115,372	\$ 3,562,595	\$ 328	\$ 55,725	\$ 2,115,700	\$ 3,618,320
Net Position						
Net Investment in Capital						
Assets	\$ 19,930,723	\$ 18,303,531	\$ 3,483,275	\$ 3,480,418	\$ 23,413,998	\$ 21,783,949
Restricted	5,851,418	4,578,961	-	-	5,851,418	4,578,961
Unrestricted	47,827,839	49,295,498	2,908,562	2,182,272	50,736,401	51,477,770
Total Net Position	\$ 73,609,980	\$ 72,177,990	\$ 6,391,837	\$ 5,662,690	\$ 80,001,817	\$ 77,840,680

### Normal Impacts on Net Position

Prior to discussing the current year's impacts on net position, it is helpful to first understand how six basic (normal) transactions impact the Statement of Net Position and the three categories under net position.

Net results of activities – will impact (increase/decrease) current assets and unrestricted net position.

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

Spending borrowed proceeds on new capital – will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of non-borrowed current assets on new capital – will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

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

Reduction of capital assets through depreciation – will reduce capital assets and net investment in capital assets.

## **Current Year Impacts on Net Position**

### *Governmental Activities*

For fiscal year 2019, governmental activities net position totaled \$73,609,980 reflecting an increase of \$1,431,990 over the prior fiscal year. Governmental activities total assets increased \$938,707, and governmental activities total liabilities increased \$865,722.

The \$938,707 increase in total assets resulted primarily from the sale of a piece of land held for resale valued at \$2,745,000. Changes in the remaining items within current and other assets include a \$4,188,750 increase in cash, a decrease in the Airport Joint Venture investment of \$870,117, and capital asset additions of \$1,738,213, offset by a decrease in accounts receivable of \$541,420.

Most of the governmental funds experienced increases in their cash position as a result of budget surpluses. A notable exception is the Road Construction Debt Fund which experienced a decrease in its cash position. The General Fund, which provides the majority of City services, experienced a \$4,575,136 increase in its cash position.

The \$865,722 increase in total liabilities resulted mainly from an increase of \$380,211 in noncurrent liabilities due to the issuance of refunding bonds offset by scheduled payments on long-term liabilities.

### *Business-Type Activities*

The business-type activities net position increased by \$729,147. Business-type activities total assets increased \$701,596 and total liabilities increased \$69,192. The increase in total assets includes a \$491,597 increase in cash and investments. The \$69,192 increase in total liabilities includes a \$44,296 increase in noncurrent liabilities.

## **Changes in Net Position**

The City's combined change in net position for FY2019 was an increase of \$2,161,137. Governmental activities saw an increase in net position of \$1,431,990 in FY2019. Business-type activities saw an increase in net position of \$729,147 in FY2019. The table below shows the condensed revenues and expenses of the City's activities.

**City of Prospect Heights' Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenues						
Program Revenues						
Charges for Services	\$ 3,346,970	\$ 3,040,919	\$ 1,785,857	\$ 1,698,092	\$ 5,132,827	\$ 4,739,011
Operating Grants and Contributions	237,996	1,264,463	-	-	237,996	1,264,463
General Revenues						
Property Taxes	3,103,154	3,863,343	-	-	3,103,154	3,863,343
All Other Taxes	6,790,362	6,318,014	-	-	6,790,362	6,318,014
Investment Income	62,058	660,359	36,843	16,111	98,901	676,470
Other	36,622	78,241	-	7,343	36,622	85,584
Total Revenues	<u>\$ 13,577,162</u>	<u>\$ 15,225,339</u>	<u>\$ 1,822,700</u>	<u>\$ 1,721,546</u>	<u>\$ 15,399,862</u>	<u>\$ 16,946,885</u>
Expenses						
General Government	\$ 3,513,914	\$ 3,433,291	\$ -	\$ -	\$ 3,513,914	\$ 3,433,291
Public Safety	5,164,772	5,627,109	-	-	5,164,772	5,627,109
Public Works	2,175,072	2,162,147	-	-	2,175,072	2,162,147
Interest	421,297	546,271	-	-	421,297	546,271
Equity Interest in Joint Venture - Airport	870,117	549,037	-	-	870,117	549,037
Water	-	-	690,868	644,927	690,868	644,927
Sewer	-	-	286,057	95,557	286,057	95,557
Parking	-	-	116,628	78,037	116,628	78,037
Total Expenses	<u>\$ 12,145,172</u>	<u>\$ 12,317,855</u>	<u>\$ 1,093,553</u>	<u>\$ 818,521</u>	<u>\$ 13,238,725</u>	<u>\$ 13,136,376</u>
Excess of Revenues Over Expenses Before Transfers	\$ 1,431,990	\$ 2,907,484	\$ 729,147	\$ 903,025	\$ 2,161,137	\$ 3,810,509
Transfers	-	470,000	-	(470,000)	-	-
Increase/(Decrease) in Net Position	\$ 1,431,990	\$ 3,377,484	\$ 729,147	\$ 433,025	\$ 2,161,137	\$ 3,810,509
Net Position - Beginning of Year	72,177,990	70,466,797	5,662,690	5,229,665	77,840,680	75,696,462
Restatement	-	(1,666,291)	-	-	-	(1,666,291)
Net Position - End of Year	<u>\$ 73,609,980</u>	<u>\$ 72,177,990</u>	<u>\$ 6,391,837</u>	<u>\$ 5,662,690</u>	<u>\$ 80,001,817</u>	<u>\$ 77,840,680</u>

**Normal Impacts on Revenues and Expenses**

There are eight basic impacts on revenues and expenses, which are described below.

**Revenues:**

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

Increase in City approved rates – While certain tax rates are set by statute, the City Council has limited authority to impose and periodically increase certain rates (water, licenses, permits, fines, inspection fees, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and nonrecurring) – Certain recurring revenues (state-shared revenues, etc.) may experience significant changes periodically while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market impacts on investment income – The City's investment portfolio is managed using a short-term average maturity and market conditions may cause investment income to fluctuate.

**Expenses:**

Introduction/elimination of programs and services – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) programs and services may be added or deleted to address changing community needs, unfunded mandates from other governmental levels, and funding available within the City.

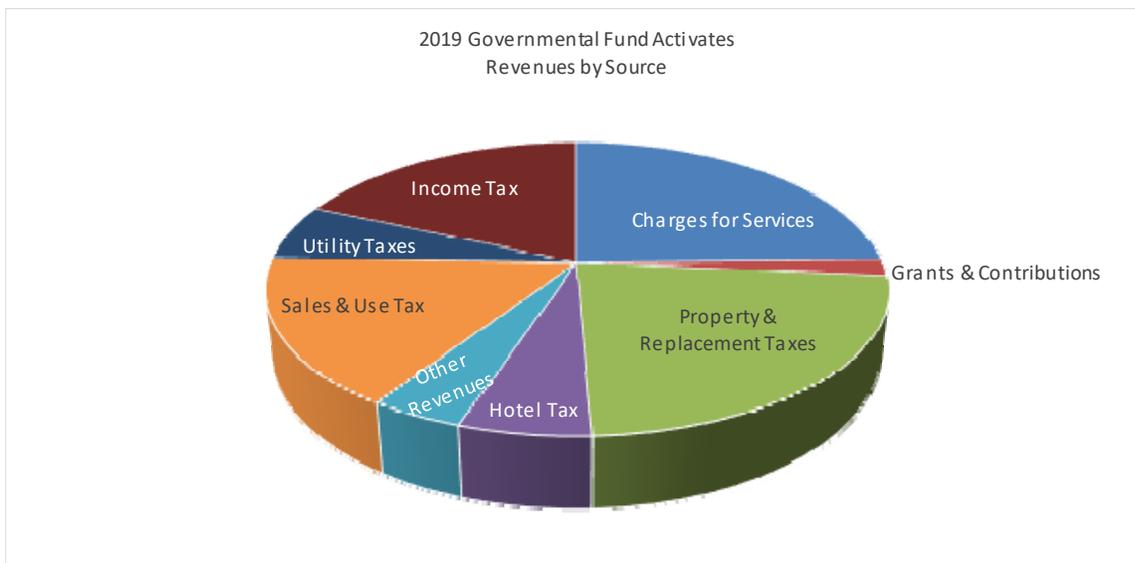
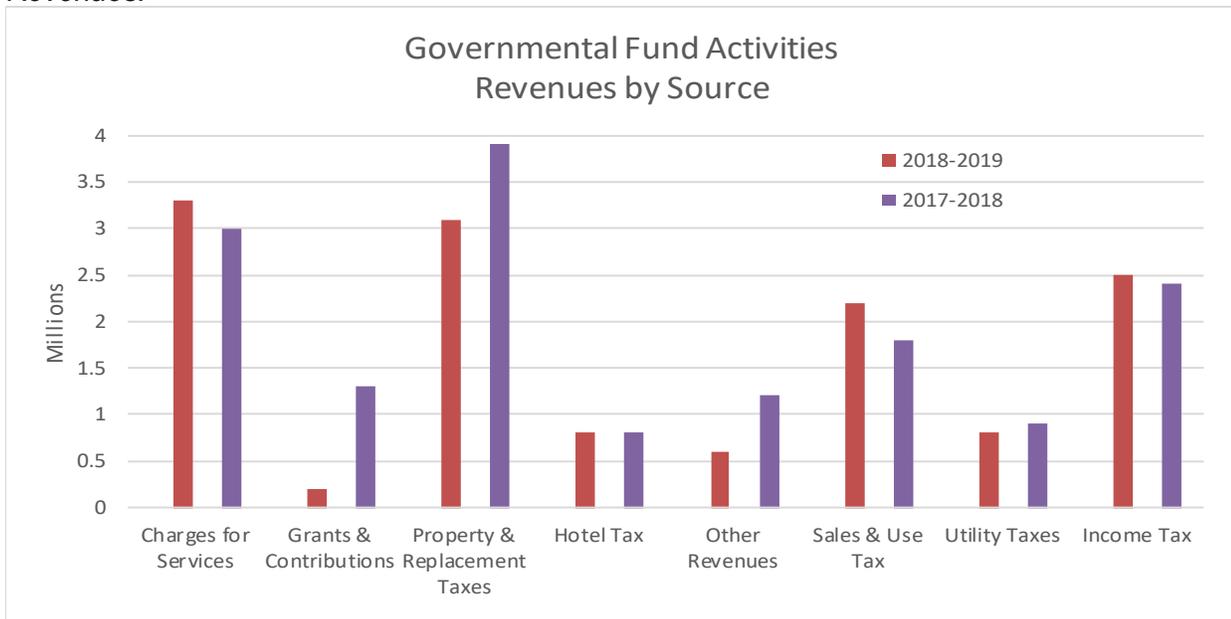
Increases/decreases in the number of authorized personnel – The City Council may authorize increases or decreases in staffing levels based upon program and service changes. Staffing costs (salary and related benefits) represent approximately 69.08% of the City’s General Fund operating costs.

Salary increases (annual adjustments and merit) – The City has three separate bargaining units representing approximately 61% of the employee population.

Inflation – While overall inflation has been reasonably low, the City is a major consumer of certain commodities such as supplies, fuel, and utilities. Some specific areas may experience unusually high price increases.

**Current Year Impacts on Revenues and Expenses**

*Revenues:*



For the fiscal year ended April 30, 2019, revenues from governmental activities totaled \$13,577,162, a decrease of \$1,648,177 or 11% from the prior fiscal year.

The City continues to receive the majority of its revenues from income taxes, sales and local use taxes, nonhome rule sales taxes, telecommunications and utility taxes, and hotel and other taxes. In fiscal year 2019, these taxes generated a total of \$6,790,362 in revenue for the City, which represented 50% of all governmental activity revenues. For fiscal year 2019, these revenues experienced an overall increase of \$472,348 or 7%. The majority of these taxes are heavily dependent upon the state of the economy, including employment levels and the levels of expendable income for entertainment and extraneous purchases, as well as the City's population. *Historical information on the individual tax revenues is presented in Tax Revenues by Source – Governmental Funds, located in the Statistical Section at the back of this report.*

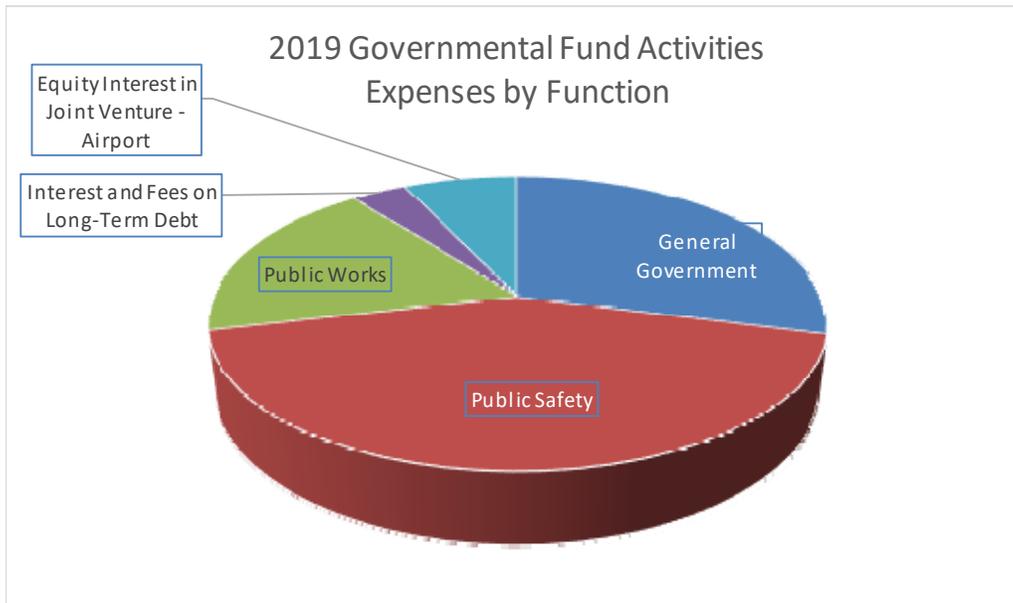
The City generates program revenues via charges for services and operating and capital grants which is the largest revenue source. For fiscal year 2019, the total combined revenues generated by these sources were \$3,584,996 which accounted for 26% of total governmental activity revenue. For fiscal year 2019, charges for services generated \$3,346,970 in revenue and represented 25% of total governmental activity revenue. In FY2019, charges for services increased \$306,051. Charges for services revenue includes licenses (vehicle, business, and liquor), permits for construction-related activity, code-related inspection fees, fines and forfeits, franchise fees, general government service charges to other funds and other miscellaneous fees. As a non-home rule municipality, the City has limited authority on both the types of charges and related fees that it is able to impose. The majority of the City's current charges for services focus on construction and business-related activity and, as such, this revenue stream tends to follow the ebbs and flows of the economy.

At \$3,103,154 and 23% of total revenues, property taxes comprise the second largest single source of governmental activity revenue for the City. The total property taxes received included \$2,019,679 of taxes levied by the City and \$1,083,475 in property tax increment revenue generated by the City's tax increment financing (TIF) districts. The levied property taxes received are restricted in their use, as follows: \$81,304 in taxes generated by four of the City's special service areas for sanitary system, storm water maintenance, and flood control, \$241,843 in taxes generated for Special Service Area Six debt service payments, \$1,320,548 for Road Construction debt, and \$375,984 in taxes generated to assist in funding the City's police pension obligation. In fiscal year 2019, property tax revenues decreased by \$760,189.

The operating and capital grants and contributions segment of program revenues includes grants for police operations and equipment, and shared revenues from DEA seizures. For fiscal year 2019, revenue derived from operating and capital grants totaled \$237,996 and represented 2% of total governmental activity revenue. Of this total, the City received \$4,293 in police operating and equipment grants, \$21,067 in police contributions from DEA-shared revenues and \$160,225 in revenues reimbursed from various sources.

The remaining governmental activity revenues include investment income, sales of city property and miscellaneous fees. For fiscal year 2019, these revenues totaled \$98,680. The City realized a loss on the sale of investment land held for resale in the amount of \$191,855. The loss was offset by investment income of \$253,913 and other miscellaneous income of \$36,622.

*Expenses:*



For the fiscal year ended April 30, 2019, expenses from governmental activities totaled \$12,145,172, which represents a decrease of \$172,683, or 1%, compared to the prior year.

Public safety represents the largest portion of governmental activity expenses. Public safety consists of the City's police department, including all related personnel, pension, training, supplies, and contractual services for the 911 emergency dispatch center. For fiscal year 2019, expenses for public safety were \$5,164,772 and represented 43% of total governmental activity expenses. Public safety expenses decreased \$462,337 from the prior year. General government is the second largest category of governmental activity expenses. General government includes expenses for the City Council, City Clerk, administration, legal services, finance, engineering, building and zoning, Tourism Zone, liability insurance, utilities, and the solid waste program. For fiscal year 2019, expenses for general government were \$3,513,914 which represented 29% of total governmental activities expenses. General government expenses increased \$80,623 from the prior year. Public works is the third major category of governmental activity expenses. Public works includes activity for streets, vehicles, sanitary sewers, storm water management and drainage, buildings and grounds, and forestry. For fiscal year 2019, expenses for public works totaled \$2,175,072 and represented 18% of total governmental activities expenses and an increase of \$12,925 from the prior year.

**Business-Type Activities.**

*Revenues:*

Total revenues for the City's business-type activities for fiscal year 2019 were \$1,822,700, an increase of \$101,154, or 6%, from the prior year.

Business-type activities in the City consist of water operations, sanitary sewer and parking operations. In fiscal year 2019, \$817,775 of program revenue was generated by the sanitary system, \$904,744 by the water operations related to charges for services, and \$63,337 by the parking operation from charges for services.

*Expenses:*

Total expenses for the City's business-type activities for fiscal year 2019 were \$1,093,553. Of the total expenses for business-type activities, \$670,576 is attributable to water operations, \$286,057 to sewer, and \$116,628 to parking operations. The main increase in expenses of \$202,639 is related to the system improvement expenses such as the televising and mapping of the sewer system.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds.

At April 30, 2019, the Governmental Funds (as presented beginning on page 17) reported a combined fund balance of \$21,222,451 which is a \$1,104,791, or 5%, increase from the beginning of the year balance of \$20,117,660. Of the total year-end fund balance, \$5,190,357 is unassigned in the General Fund indicating availability for continuing City services. Note: The Development Fund has a negative unassigned balance of \$1,859,213 since the note payable due the General Fund exceeds the value of any assets in the fund. Total remaining fund balances are as follows: \$2,785,969 non-spendable, \$5,851,418 restricted, \$9,362,045 committed, and \$(108,125) unassigned.

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$1,422,109, or 15%. This increase includes \$305,957 of transfers into the General Fund from other City funds. The City budgeted for a \$132,870 increase in fund balance. Revenues were \$1,003,337 higher than the budget.

The Development Fund was established to record activity related to the Series 2006 general obligation debt issue and related land acquisition. The debt was paid and new debt Series 2011B was issued and paid on December 15, 2015. The fund balance decreased \$191,855 in the current year due to a loss on the sale of the land.

Capital Projects Fund fund balance decreased by \$1,405,995. The Capital Projects Fund was established for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Road Construction Debt Fund fund balance increased by \$23,684. Tax receipts for the tax levy were higher than the payments made on the bond payments. The higher amount is related to prior year collections on taxes and the additional taxes anticipated due to the loss rate.

### Proprietary Funds.

At April 30, 2019, the Enterprise Funds' (as presented beginning on page 21) have a total net position of \$6,391,837 which accounts for an increase of \$729,147, or 13%, from the prior year.

The Water Fund reflected an increase in net position of \$250,719. This increase was comprised of water billings being greater than expenses. The City has an ongoing system improvement project that will use up some of the excess funds in future years.

The Sewer Fund reflected an increase in net position of \$531,718. This increase was comprised of sewer billings being greater than expenses. The City has been progressively increasing rates, so not to impact the residents all at one time. The rates continue to be adjusted.

The Parking Fund experienced a \$53,290 decrease in net position for the year. The slight decrease was primarily due to salaries being recognized in this fund as opposed to the General Fund, where they were recognized in the prior year. The Parking Fund continues to struggle, as its revenues are not sufficient to support its operating and depreciation expenses. Market competition from neighboring communities, both in parking fees and train schedules, hinders the City's ability to raise fees, and impacts the occupancy rate of its commuter parking lot.

**Fiduciary Fund (Police Pension Fund).** At April 30, 2019, the Police Pension Fund's net position amounted to \$17,266,401. Additions exceeded deductions during the year, resulting in an increase of \$1,221,873 in net position.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City Administrator is the designated Budget Officer and is responsible to prepare an annual budget and present it to the City Council for review and passage. The annual budget is prepared by fund, with line-item detail, and includes information on the prior year, current year estimates, and each department's requested budget for the next fiscal year.

The process begins with all departments of the City submitting their budget requests to the City Administrator. The proposed budget is prepared and presented to the City Council for review and discussion. Public hearings are held, revisions are made, and the process culminates with adoption of the budget, in ordinance form, by the City Council. The budget, which by state law also serves as the appropriation ordinance, represents the legal budget of the City and must be adopted by the City Council prior to May 1.

The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no budget amendments were approved by the City Council.

The table below reflects the budget and actual revenues and expenditures for the General Fund.

**City of Prospect Heights**  
General Fund Budgetary Changes  
For Fiscal Year 2019

	Original & Final Budget	Actual
Revenues	\$ 8,287,910	\$ 9,291,247
Expenditures	8,443,691	8,175,095
Other Financing Sources (Uses)	288,651	305,957
Change in Fund Balance	<u>\$ 132,870</u>	<u>\$ 1,422,109</u>

The City ended the year ahead of budget by \$1,289,239 in the General Fund. The City's revenues exceeded the budget by \$1,003,337 and expenses were under budget by \$268,596.

## CAPITAL ASSETS

At the end of FY2019, the City had a combined total of \$35,949,142 of capital assets invested in land; equipment; buildings and improvements; vehicles; infrastructure; water facilities and lines; a commuter lot; and construction in progress (see table below). *The following tables summarize the changes in capital assets, which are presented in detail in Note III (C) in the Notes to the Financial Statements.*

	<b>City of Prospect Heights' Capital Assets (net of depreciation)</b>					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2019	4/30/2018	4/30/2019	4/30/2018	4/30/2019	4/30/2018
Land (includes right of way and easements)	\$ 7,805,635	\$ 7,805,635	\$ 102,195	\$ 102,195	\$ 7,907,830	\$ 7,907,830
Buildings and Improvements	5,845,769	6,058,360	798,593	844,847	6,644,362	6,903,207
Infrastructure	16,084,128	16,828,329	-	-	16,084,128	16,828,329
Water Mains	-	-	2,740,082	2,828,427	2,740,082	2,828,427
Water Reservoir	-	-	69,000	73,600	69,000	73,600
Machinery and Equipment	270,552	323,115	62,224	64,387	332,776	387,502
Office Furniture and Equipment	112,218	147,952	-	-	112,218	147,952
Vehicles	545,819	548,531	111,181	21,962	657,000	570,493
Construction in Progress	1,401,746	-	-	-	1,401,746	-
Total	<u>\$ 32,065,867</u>	<u>\$ 31,711,922</u>	<u>\$ 3,883,275</u>	<u>\$ 3,935,418</u>	<u>\$ 35,949,142</u>	<u>\$ 35,647,340</u>

For fiscal year 2019, the City's total capital assets, net of depreciation, increased \$301,802. Capital assets of business-type activities decreased \$52,143 due to annual depreciation. Capital assets of government activities increased \$353,945 due to the purchase of equipment, vehicles, buildings and improvements, and street improvements offset by depreciation.

**Change in Capital Assets**

	Governmental Activities	Business-Type Activities	Total
	2019	2019	2019
Beginning Balance	\$ 31,711,922	\$ 3,935,418	\$ 35,647,340
Additions			
Depreciable	336,467	99,495	435,962
Nondepreciable	1,401,746	-	1,401,746
Retirements			
Depreciable	-	-	-
Nondepreciable	-	-	-
Depreciation	(1,384,268)	(151,638)	(1,535,906)
	<u>\$ 32,065,867</u>	<u>\$ 3,883,275</u>	<u>\$ 35,949,142</u>

**Debt Outstanding**

The City of Prospect Heights governmental activities had total long-term debt of \$25,239,764 as of April 30, 2019. Long-term debt is comprised of general obligation debt, special service area bonds, net pension obligation, compensated absences payable to employees, and other postemployment benefit obligations. *For more detail on the City's long-term debt, see Note III (E) in the Notes to the Financial Statements.*

*General obligation debt outstanding:* At the end of the year, the City had five general obligation (G.O.) debt issues outstanding with a combined balance of \$10,240,000. Under state statutes, the City's aggregated general obligation indebtedness cannot exceed 8.625% of the value of taxable property within the City. As of April 30, 2019, the total debt applicable to this limit was \$10,715,144, well below the \$33,802,791 set by law. None of the general obligation debt is bonded debt, and; therefore, is not supported with a direct tax on the residents of the City.

*Special service area bonds outstanding:* At the end of the year, the City had one special service area bond outstanding with a balance of \$1,820,000. This bond is supported with a property tax on the residents located within Special Service Area #6 and has a final maturity date of December 15, 2028. This bond was a refunding bond of the Special Service Area # 6 Bonds on September 27, 2018.

*Compensated absences:* At the end of the year, compensated absences payable totaled \$331,206, which reflected an increase of \$38,054 from the prior year.

*Net pension liabilities:* As of April 30, 2019, the City's net pension liabilities (both IMRF and Police Pension) totaled \$10,970,627, which reflected an increase of \$1,687,132 over the prior year amount. As of the last valuation date, the Police Pension Fund had an actuarial funded ratio of 65.02%. While the City has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 43.74% of the City's FY2019 contribution. The police pension tax does not have a rate ceiling; however, the City's ability to increase this tax levy is limited by the tax caps imposed by the state of Illinois. The City's attempts to increase this levy through referendum have failed. *For more detail on the City's pension obligations see Note IV (A) in the Notes to the Financial Statements and required supplemental information.*

*Other postemployment benefit (OPEB) liabilities:* As of April 30, 2019, the City's total OPEB liability totaled \$1,932,290. The City is not required to and currently does not advance fund this obligation. *For more detail on the City's OPEB obligation see Note IV (E) in the Notes to the Financial Statements.*

The last bonds previously issued were Series 2018. The City did not apply for a rating on these bonds. The most recent credit rating of the City was issued by Moody's Investor Services upon the issuance of the Series 2013 bonds and the rating was Aa3.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Prospect Heights is a non-home rule community which continues to rely on revenues driven by the state of the economy to perform and support its basic services. The City of Prospect Heights continues to be negatively impacted by the State of Illinois budget decisions which carry forward and impact the City's operating budget. The City Council and staff take great pride in the high level of services provided to the community. The City remains committed to maintaining these standards despite past and present fiscal challenges. As in the past, departments were held to minimal increases in discretionary line items within their budgets. Departments over the years have learned to be vigilant in their use of limited resources available as well as being innovative with methods of service delivery and with other resources that could be utilized to achieve department goals.

This year the City adopted and approved a comprehensive Capital Improvement Program (CIP) to address city-managed projects for the next five-year period. The City, having limited resources, will continue to evaluate all projects going forward to approve those projects with the highest priority annually and allocate the required funding as needed. The City's water and sewer systems are evaluated annually. The City's sewer rates were studied and evaluated by an independent third party consultant and rates were approved to provide adequate funding to film and evaluate all of the sewer lines to create an ongoing comprehensive plan for future improvements to the sanitary sewer system.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Michael DuCharme, Finance Director, City of Prospect Heights, 8 North Elmhurst Road, Prospect Heights, Illinois 60070.

## BASIC FINANCIAL STATEMENTS

CITY OF PROSPECT HEIGHTS, ILLINOIS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
APRIL 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 20,625,140	\$ 3,134,119	\$ 23,759,259
Prepaid Items	142,565	39,438	182,003
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	352,638	355,439	708,077
Property Taxes	1,534,859	-	1,534,859
Intergovernmental	807,656	-	807,656
Other Taxes	42,533	-	42,533
Other Receivables	150,000	-	150,000
Internal Balances	490,641	(490,641)	-
Investment in Joint Venture - Airport	44,078,198	-	44,078,198
Capital Assets			
Capital Assets not Being Depreciated	9,207,381	102,195	9,309,576
Other Capital Assets, Net of Accumulated Depreciation	22,858,486	3,781,080	26,639,566
<b>TOTAL ASSETS</b>	<b>\$ 100,290,097</b>	<b>\$ 6,921,630</b>	<b>\$ 107,211,727</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Net Deferred Outflows of Resources Related to Pensions/OPEB	\$ 2,220,494	\$ 64,957	\$ 2,285,451
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,220,494</b>	<b>\$ 64,957</b>	<b>\$ 2,285,451</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 515,317	\$ 52,322	\$ 567,639
Accrued Payroll	103,519	3,758	107,277
Accrued Interest	133,421	7,039	140,460
Deposits	224,440	1,800	226,240
Unearned Revenues	121,629	-	121,629
Due to Fiduciary Activities	447,149	-	447,149
Non-Current Liabilities			
Due Within One Year	1,556,027	65,363	1,621,390
Due in More Than One Year	23,683,737	464,140	24,147,877
<b>TOTAL LIABILITIES</b>	<b>\$ 26,785,239</b>	<b>\$ 594,422</b>	<b>\$ 27,379,661</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Future Periods	\$ 1,511,527	\$ -	\$ 1,511,527
Deferred Inflows of Resources Related to Pensions/OPEB	603,845	328	604,173
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 2,115,372</b>	<b>\$ 328</b>	<b>\$ 2,115,700</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 19,930,723	\$ 3,483,275	\$ 23,413,998
Restricted for:			
Public Safety	566,748	-	566,748
Debt Service	2,140,724	-	2,140,724
Streets and Highways	1,775,790	-	1,775,790
Tourism	78,984	-	78,984
Special Service Area Improvements	812,308	-	812,308
Palatine Road Tax Increment Financing	476,864	-	476,864
Unrestricted/(Deficit)	47,827,839	2,908,562	50,736,401
<b>TOTAL NET POSITION</b>	<b>\$ 73,609,980</b>	<b>\$ 6,391,837</b>	<b>\$ 80,001,817</b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 3,513,914	\$ 2,125,658	\$ 200,643	\$ (1,187,613)	\$ -	\$ (1,187,613)
Public Safety	5,164,772	755,243	25,360	(4,384,169)	-	(4,384,169)
Public Works	2,175,072	466,069	11,993	(1,697,010)	-	(1,697,010)
Interest and Fees on Long-Term Debt	421,297	-	-	(421,297)	-	(421,297)
Equity Interest in Joint Venture - Airport	870,117	-	-	(870,117)	-	(870,117)
	<u>\$ 12,145,172</u>	<u>\$ 3,346,970</u>	<u>\$ 237,996</u>	<u>\$ (8,560,206)</u>	<u>\$ -</u>	<u>\$ (8,560,206)</u>
<b>Business-Type Activities</b>						
Water	\$ 690,868	\$ 904,744	\$ -	\$ -	\$ 213,876	\$ 213,876
Sewer	286,057	817,775	-	-	531,718	531,718
Parking	116,628	63,338	-	-	(53,290)	(53,290)
	<u>\$ 1,093,553</u>	<u>\$ 1,785,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,304</u>	<u>\$ 692,304</u>
<b>Total Primary Government</b>	<u>\$ 13,238,725</u>	<u>\$ 5,132,827</u>	<u>\$ 237,996</u>	<u>\$ (8,560,206)</u>	<u>\$ 692,304</u>	<u>\$ (7,867,902)</u>
<b>General Revenues</b>						
<b>Taxes</b>						
Property Tax, Levied for General Purposes				\$ 3,103,154	\$ -	\$ 3,103,154
State Sales Tax				800,765	-	800,765
State Income Tax				819,355	-	819,355
State Motor Fuel Tax				791,836	-	791,836
Other Taxes				1,178,226	-	1,178,226
<b>Intergovernmental</b>						
Income Tax				1,681,769	-	1,681,769
State Sales Tax				1,405,229	-	1,405,229
Other Intergovernmental Taxes				113,182	-	113,182
Net Investment Revenue				62,058	36,843	98,901
Miscellaneous				36,622	-	36,622
<b>Total General Revenues and Transfers</b>				<u>\$ 9,992,196</u>	<u>\$ 36,843</u>	<u>\$ 10,029,039</u>
Change in Net Position				\$ 1,431,990	\$ 729,147	\$ 2,161,137
Net Position - May 1, 2018				<u>72,177,990</u>	<u>5,662,690</u>	<u>77,840,680</u>
Net Position - April 30, 2019				<u>\$ 73,609,980</u>	<u>\$ 6,391,837</u>	<u>\$ 80,001,817</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 APRIL 30, 2019

	General Fund	Development Fund	Capital Projects Fund	Road Construction Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 14,065,782	\$ -	\$ -	\$ 875,525	\$ 5,683,833	\$ 20,625,140
Prepaid Items	141,468	-	-	-	1,097	142,565
Receivables (Net of Allowance for Estimated Uncollectible Amounts)						
Accounts Receivable	257,565	-	-	-	95,073	352,638
Property Taxes	180,519	-	-	662,640	691,700	1,534,859
Intergovernmental	771,674	-	-	-	35,982	807,656
Other Taxes	42,533	-	-	-	-	42,533
Other Receivables	-	150,000	-	-	-	150,000
Due from Other Funds	(3,079,911)	(2,009,213)	6,401,716	-	(821,951)	490,641
<b>TOTAL ASSETS</b>	<b>\$ 12,379,630</b>	<b>\$ (1,859,213)</b>	<b>\$ 6,401,716</b>	<b>\$ 1,538,165</b>	<b>\$ 5,685,734</b>	<b>\$ 24,146,032</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 261,576	\$ -	\$ 156,968	\$ 450	\$ 96,323	\$ 515,317
Accrued Payroll	103,519	-	-	-	-	103,519
Deposits	224,440	-	-	-	-	224,440
Due to Fiduciary Activities	447,149	-	-	-	-	447,149
Unearned Revenue	121,629	-	-	-	-	121,629
<b>TOTAL LIABILITIES</b>	<b>\$ 1,158,313</b>	<b>\$ -</b>	<b>\$ 156,968</b>	<b>\$ 450</b>	<b>\$ 96,323</b>	<b>\$ 1,412,054</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for Future Periods	\$ 177,580	\$ -	\$ -	\$ 650,108	\$ 683,839	\$ 1,511,527
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 177,580</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 650,108</b>	<b>\$ 683,839</b>	<b>\$ 1,511,527</b>
<b>FUND BALANCES</b>						
Nonspendable	\$ 2,785,969	\$ -	\$ -	\$ -	\$ -	\$ 2,785,969
Restricted for:						
Public Safety	67,411	-	-	-	499,337	566,748
Debt Service	-	-	-	887,607	1,253,117	2,140,724
Streets and Highways	-	-	-	-	1,775,790	1,775,790
Tourism	-	-	-	-	78,984	78,984
Special Service Area Improvements	-	-	-	-	812,308	812,308
Palatine Road Tax Increment Financing	-	-	-	-	476,864	476,864
Committed for:						
Emergency Reserve	3,000,000	-	-	-	-	3,000,000
Solid Waste Disposal	-	-	-	-	117,297	117,297
Capital Projects	-	-	6,244,748	-	-	6,244,748
Unassigned	5,190,357	(1,859,213)	-	-	(108,125)	3,223,019
<b>TOTAL FUND BALANCES</b>	<b>\$ 11,043,737</b>	<b>\$ (1,859,213)</b>	<b>\$ 6,244,748</b>	<b>\$ 887,607</b>	<b>\$ 4,905,572</b>	<b>\$ 21,222,451</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 12,379,630</b>	<b>\$ (1,859,213)</b>	<b>\$ 6,401,716</b>	<b>\$ 1,538,165</b>	<b>\$ 5,685,734</b>	<b>\$ 24,146,032</b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 APRIL 30, 2019

Total Fund Balances - Governmental Funds		\$ 21,222,451
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets, net of accumulated depreciation		32,065,867
Investments in joint ventures are not financial resources and therefore are not reported in the funds		
Investment in Chicago Executive Airport		44,078,198
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (12,060,000)	
Bond Premiums, net of related amortization	(75,144)	
Accrued Interest on Long-Term Debt	(133,421)	
Compensated Absences	(322,268)	
Net OPEB Liability	(1,932,290)	
Net Pension Liability - Illinois Municipal Retirement Fund	(1,725,922)	
Net Pension Liability - Police Pension	(9,124,140)	
		(25,373,185)
Deferred pension/OPEB costs in governmental activities are not financial resources and therefore are not reported in the funds.		
Pension/OPEB Revenue		2,220,494
Pension/OPEB Expense		(603,845)
		(25,373,185)
Net Position of Governmental Activities		\$ 73,609,980

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2019

	General Fund	Development Fund	Capital Projects Fund	Road Construction Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local Taxes	\$ 2,761,677	\$ -	\$ -	\$ 1,320,548	\$ 2,198,458	\$ 6,280,683
Intergovernmental	3,256,884	-	-	-	433,720	3,690,604
Licenses and Permits	1,039,421	-	-	-	-	1,039,421
Fines, Forfeitures and Penalties	661,319	-	-	-	-	661,319
Charges for Services	1,180,161	-	-	-	466,069	1,646,230
Investment Income	200,837	(191,855)	-	5,419	47,657	62,058
Miscellaneous	190,948	-	-	-	5,899	196,847
	<u>\$ 9,291,247</u>	<u>\$ (191,855)</u>	<u>\$ -</u>	<u>\$ 1,325,967</u>	<u>\$ 3,151,803</u>	<u>\$ 13,577,162</u>
<b>EXPENDITURES</b>						
Current						
General Government	\$ 2,217,170	\$ -	\$ -	\$ 3,498	\$ 941,381	\$ 3,162,049
Public Safety	4,828,891	-	-	-	16,536	4,845,427
Public Works	875,950	-	-	-	18,830	894,780
Capital Outlay	66,146	-	1,705,995	-	75,108	1,847,249
Debt Service						
Principal	145,000	-	-	1,020,000	125,000	1,290,000
Interest	41,938	-	-	278,785	112,143	432,866
	<u>\$ 8,175,095</u>	<u>\$ -</u>	<u>\$ 1,705,995</u>	<u>\$ 1,302,283</u>	<u>\$ 1,288,998</u>	<u>\$ 12,472,371</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,116,152</b>	<b>\$ (191,855)</b>	<b>\$ (1,705,995)</b>	<b>\$ 23,684</b>	<b>\$ 1,862,805</b>	<b>\$ 1,104,791</b>
<b>OTHER FINANCING SOURCES/(USES)</b>						
Transfers	305,957	-	300,000	-	(605,957)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,422,109</b>	<b>\$ (191,855)</b>	<b>\$ (1,405,995)</b>	<b>\$ 23,684</b>	<b>\$ 1,256,848</b>	<b>\$ 1,104,791</b>
<b>FUND BALANCES - MAY 1, 2018</b>	<b>9,621,628</b>	<b>(1,667,358)</b>	<b>7,650,743</b>	<b>863,923</b>	<b>3,648,724</b>	<b>20,117,660</b>
<b>FUND BALANCES - APRIL 30, 2019</b>	<b><u>\$ 11,043,737</u></b>	<b><u>\$ (1,859,213)</u></b>	<b><u>\$ 6,244,748</u></b>	<b><u>\$ 887,607</u></b>	<b><u>\$ 4,905,572</u></b>	<b><u>\$ 21,222,451</u></b>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED APRIL 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 1,104,791

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (1,384,268)	
Capital Outlays	<u>1,738,213</u>	353,945

Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balance, but issuing debt increases long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Premium on Bonds Sold		11,407
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Long-Term Debt	\$ 28,322	
Bond Issuance Costs	(28,160)	
Pension Expense	(1,329,466)	
OPEB Expense	(27,568)	
Compensated Absences	<u>(39,650)</u>	(1,396,522)

Employer Pension Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension Liability on the government-wide financial statements.

938,486

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		1,290,000
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The proportionate share of the change in net position related to joint ventures reported in the Statement of Activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

(870,117)

Change in Net Position of Governmental Activities

\$ 1,431,990

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 APRIL 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water Fund	Sewer Fund	Nonmajor Enterprise Fund - Parking	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 2,026,986	\$ 1,037,617	\$ 69,516	\$ 3,134,119
Prepaid Expenses	27,034	3,404	9,000	39,438
Accounts Receivable (Net of Allowance of \$44,038 for Estimated Uncollectible Amounts)	149,548	205,891	-	355,439
Due from Other Funds	14,458	11,047	(516,146)	(490,641)
	<u>\$ 2,218,026</u>	<u>\$ 1,257,959</u>	<u>\$ (437,630)</u>	<u>\$ 3,038,355</u>
Long-Term Assets				
Capital Assets not Being Depreciated	\$ 102,195	\$ -	\$ -	\$ 102,195
Capital Assets Net of Accumulated Depreciation	3,202,627	-	578,453	3,781,080
	<u>\$ 3,304,822</u>	<u>\$ -</u>	<u>\$ 578,453</u>	<u>\$ 3,883,275</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,522,848</u>	<u>\$ 1,257,959</u>	<u>\$ 140,823</u>	<u>\$ 6,921,630</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Net Deferred Outflows of Resources Related to Pensions	\$ 50,083	\$ 14,874	\$ -	\$ 64,957
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 50,083</u>	<u>\$ 14,874</u>	<u>\$ -</u>	<u>\$ 64,957</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 37,239	\$ 14,581	\$ 502	\$ 52,322
Accrued Payroll	2,134	1,624	-	3,758
Accrued Interest	7,039	-	-	7,039
Deposits	1,800	-	-	1,800
General Obligation Debt Payable - Current	60,000	-	-	60,000
Compensated Absences - Current	4,267	1,096	-	5,363
	<u>\$ 112,479</u>	<u>\$ 17,301</u>	<u>\$ 502</u>	<u>\$ 130,282</u>
Long-Term Liabilities				
General Obligation Debt Payable (net of current portion shown above)	\$ 340,000	\$ -	\$ -	\$ 340,000
Compensated Absences	2,844	731	-	3,575
Net Pension Liability	102,553	18,012	-	120,565
	<u>\$ 445,397</u>	<u>\$ 18,743</u>	<u>\$ -</u>	<u>\$ 464,140</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 557,876</u>	<u>\$ 36,044</u>	<u>\$ 502</u>	<u>\$ 594,422</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources Related to Pensions	\$ 250	\$ 78	\$ -	\$ 328
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 250</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 328</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 2,904,822	\$ -	\$ 578,453	\$ 3,483,275
Unrestricted/(Deficit)	2,109,983	1,236,711	(438,132)	2,908,562
<b>TOTAL NET POSITION</b>	<u>\$ 5,014,805</u>	<u>\$ 1,236,711</u>	<u>\$ 140,321</u>	<u>\$ 6,391,837</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water Fund	Sewer Fund	Nonmajor Enterprise Fund - Parking	Totals
OPERATING REVENUES				
Charges for Services	\$ 904,744	\$ 817,775	\$ 63,338	\$ 1,785,857
Total Operating Revenues	<u>\$ 904,744</u>	<u>\$ 817,775</u>	<u>\$ 63,338</u>	<u>\$ 1,785,857</u>
OPERATING EXPENSES				
Operations and Maintenance	\$ 551,074	\$ 286,057	\$ 84,492	\$ 921,623
Depreciation Expense	119,502	-	32,136	151,638
Total Operating Expenses	<u>\$ 670,576</u>	<u>\$ 286,057</u>	<u>\$ 116,628</u>	<u>\$ 1,073,261</u>
OPERATING INCOME/(LOSS)	<u>\$ 234,168</u>	<u>\$ 531,718</u>	<u>\$ (53,290)</u>	<u>\$ 712,596</u>
NON-OPERATING REVENUE/(EXPENSE)				
Investment Income	\$ 36,843	\$ -	\$ -	\$ 36,843
Interest Expense	(20,292)	-	-	(20,292)
Total Nonoperating Revenues (Expenses)	<u>\$ 16,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,551</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ 250,719</u>	<u>\$ 531,718</u>	<u>\$ (53,290)</u>	<u>\$ 729,147</u>
CAPITAL CONTRIBUTIONS	-	-	-	-
TRANSFERS (TO)/FROM OTHER FUNDS	-	-	-	-
CHANGE IN NET POSITION	<u>\$ 250,719</u>	<u>\$ 531,718</u>	<u>\$ (53,290)</u>	<u>\$ 729,147</u>
NET POSITION - MAY 1, 2018	<u>4,764,086</u>	<u>704,993</u>	<u>193,611</u>	<u>5,662,690</u>
NET POSITION - APRIL 30, 2019	<u><u>\$ 5,014,805</u></u>	<u><u>\$ 1,236,711</u></u>	<u><u>\$ 140,321</u></u>	<u><u>\$ 6,391,837</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Totals
	Water Fund	Sewer Fund	Nonmajor Enterprise Fund - Parking	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 843,286	\$ 813,171	\$ 63,338	\$ 1,719,795
Payments to Suppliers for Goods and Services	(409,406)	(272,316)	(48,566)	(730,288)
Payments to Employees for Services	(111,252)	(15,971)	(45,000)	(172,223)
Payments to Other Funds for Services	(450,008)	-	-	(450,008)
Internal Activity - Payments (to)/from Other Funds	117,236	61,046	526,926	705,208
Net Cash Provided/(Used) by Operating Activities	<u>\$ (10,144)</u>	<u>\$ 585,930</u>	<u>\$ 496,698</u>	<u>\$ 1,072,484</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers (to)/from Other Funds	\$ -	\$ -	\$ (442,124)	\$ (442,124)
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (442,124)</u>	<u>\$ (442,124)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest Paid on Capital Debt, Net of Rebate	\$ (21,111)	\$ -	\$ -	\$ (21,111)
Principal Paid on Capital Debt	(55,000)	-	-	(55,000)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (76,111)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,111)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	\$ 36,843	\$ -	\$ -	\$ 36,843
Purchase of Fixed Assets	(99,495)	-	-	(99,495)
Net Cash Provided/(Used) by Investing Activities	<u>\$ (62,652)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,652)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (148,907)</u>	<u>\$ 585,930</u>	<u>\$ 54,574</u>	<u>\$ 491,597</u>
<b>CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2018</b> (INCLUDING RESTRICTED CASH AND OVERDRAFTS)	<u>2,175,893</u>	<u>451,687</u>	<u>14,942</u>	<u>2,642,522</u>
<b>CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2019</b> (INCLUDING RESTRICTED CASH AND OVERDRAFTS)	<u>\$ 2,026,986</u>	<u>\$ 1,037,617</u>	<u>\$ 69,516</u>	<u>\$ 3,134,119</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>				
Operating Income/(Loss)	\$ 234,168	\$ 531,718	\$ (53,290)	\$ 712,596
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation Expense	119,502	-	32,136	151,638
Change in assets, liabilities and deferred amounts:				
Receivables, net	(61,454)	(4,604)	-	(66,058)
Due to / from Other Funds	58,618	245,890	526,926	831,434
Prepaid Expenses	(94)	(66)	(9,000)	(9,160)
Accounts Payable and Other Payables	(373,038)	(179,003)	(74)	(552,115)
Pension Liabilities	88,700	12,192	-	100,892
Deferred Pension Expenses/Revenues	(76,546)	(20,197)	-	(96,743)
Net Cash Provided/(Used) by Operating Activities	<u>\$ (10,144)</u>	<u>\$ 585,930</u>	<u>\$ 496,698</u>	<u>\$ 1,072,484</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 APRIL 30, 2019

	<u>POLICE PENSION TRUST FUND</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 905,733
Investments	15,891,275
Receivables	
Accrued Interest	20,643
Prepaid Expenses	4,939
Due from Primary Government	<u>447,149</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,269,739</u>
 <b>LIABILITIES</b>	
Accounts Payable	<u>\$ 3,338</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,338</u>
 <b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	 <u><u>\$ 17,266,401</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>POLICE PENSION TRUST FUND</u>
ADDITIONS	
Contributions	
Employer	\$ 794,856
Plan Members	241,784
Total Contributions	<u>\$ 1,036,640</u>
Investment Income	
Interest and Dividends	\$ 310,648
Net Increase/(Decrease) in Fair Value of Investments	848,168
	<u>\$ 1,158,816</u>
Less: Investment Management Fees	33,440
Net Investment Income	<u>\$ 1,125,376</u>
 TOTAL ADDITIONS	 <u>\$ 2,162,016</u>
 DEDUCTIONS	
Benefits	\$ 868,275
Administrative Expenses	30,367
Refunds/Transfer of Contributions	41,501
TOTAL DEDUCTIONS	<u>\$ 940,143</u>
 NET INCREASE/(DECREASE)	 \$ 1,221,873
 NET POSITION - RESTRICTED FOR PENSION BENEFITS - MAY 1, 2018	 <u>16,044,528</u>
 NET POSITION - RESTRICTED FOR PENSION BENEFITS - APRIL 30, 2019	 <u>\$ 17,266,401</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Prospect Heights, Illinois (the City) was incorporated in 1976. The City is a non home-rule municipality, under the 1970 Illinois Constitution, located in Cook County, Illinois. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police protection), highways and streets, sanitation (water and sewer) health and social services, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Prospect Heights, Illinois conform to accounting principles generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

**A. REPORTING ENTITY**

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financial accountability if: (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discreetly presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria are present: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

**Component Unit**

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions for the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements rather than the government-wide financial statements. No separate annual financial report is issued for the PPERS.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### **Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expense to functions in the Statement of Activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues. Cash grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Business-type activities are financed in part or in whole by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### **Fund Financial Statements**

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expense of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that meet the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be report as a major fund.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

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 City reports the following major governmental funds:

General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for and reported in another fund.

Development – Capital Projects Fund – used to account for assets held for resale.

Capital Projects Fund – used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Road Construction Debt – Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs of the City’s General Obligation Debt Certificates, Series 2011A and 2012.

The City reports the following major enterprise funds:

Water Fund – accounts for operations of the water system.

Sewer Fund – accounts for revenues and expenses associated with operating and maintaining the former Old Town Sanitary Sewer District.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax	Special Service Area #1
DEA Seizure	Special Service Area #2
Tourism	Special Service Area #3
Solid Waste Dsposal (SWANCC)	Special Service Area #4
Palatine Road TIF	Special Service Area #5
	Special Service Area #8

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for payment of general long-term debt principal, interest, and related costs.

Special Service Area #5 Debt  
Palatine/Milwaukee TIF

Enterprise Funds – used to account for and report any activity for which a fee is charged to external users for goods or services and must be used for activities which meet certain debt or cost recovery criteria.

- Parking

In addition, the City reports the following fund type:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Pension (and other employee benefit) trust fund is used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

- Police Pension

### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION*

#### **Government-Wide Financial Statements**

The government-wide Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

#### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property tax revenues and all other revenues to be available if they are collected within 60 days and 180 days, respectively, of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest. Other general revenues such as fines and forfeitures, inspection fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

NOTES TO FINANCIAL STATEMENTS (Continued)

The proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

*D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY*

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the City to make 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 or agreement 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 Investment Pool.

Pension funds 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, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net position in excess of \$10,000,000 and an appointed investment adviser may invest an additional portion of its assets in common and preferred stocks and mutual funds that meet certain requirements.

The police pension fund’s investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	53%	2.42%
Domestic Equities	37%	4.92%
International Equities	5%	6.63%
Real Estate	3%	3.75%
Cash	2%	-

Illinois Compiled Statues (ILCS) limit the police pension 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 blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the police pension fund’s investments was determined using an asset allocation study conducted by the police pension fund’s investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investments

## NOTES TO FINANCIAL STATEMENTS (Continued)

expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the police pension fund's target asset allocation are listed in the table above.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The City and Police Pension have adopted investment policies. Those policies contain the follow guidelines for allowable investments.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City's investment policy seeks to ensure preservation of capital in the City's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three (3) years from the date of purchase. However, the City may collateralize its repurchase agreements using longer dated investments not to exceed thirty (30) years to maturity. Reserve funds may be invested in securities of three (3) years maturity or less, if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds. The City's policy requires the investment portfolio to be sufficiently liquid to enable the City and Police Pension to meet all operating requirements as they come due. The Police Pension's policy does not limit investment maturities.

### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The City's and pensions' investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy requires that the City will diversify its investments by security type and institution. Except for U.S. Treasury securities and authorized pools, no more than fifty percent (50%) of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The Police Pension's investment policy does not limit concentration of the portfolio.

### *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. The City's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The Police Pension's investment policy does not address deposit custodial credit risk.

### *Custodial Credit Risk - Investments*

The City's investment policies require all securities to be held by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts. The police pension's investment policy does not address investment custodial credit risk.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

See Note III (A) for further information.

### **2. Receivables**

Property taxes for levy year 2019 attach as an enforceable lien on January 1, 2019, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2019 tax levy, which attached as an enforceable lien on the property as of January 1, 2019, has not been recorded as a receivable as of April 30, 2019, as the tax has not yet been levied by the City and will not be levied until December 2019, and therefore the levy is not measurable at April 30, 2019.

Tax bills for the levy year 2018 are prepared by the county and issued on or about February 1, 2019 and July 1, 2019, and are payable in two installments, on or about March 1, 2019 and August 1, 2019, or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and deferred inflows in fiscal 2019, net of amounts already collected and of an allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2019, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2018 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is paid.

### **3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Capital Assets**

**Government-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$200,000 for roads and bridges; \$50,000 for land, buildings, building improvements and sidewalks; \$20,000 for machinery and equipment; \$10,000 for vehicles, water main and sewer mains, and an estimated useful life in excess of 1 year. Capital assets are reported at historical cost or estimated historical cost if actual amounts are unavailable. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Land Improvements, Buildings and Building Improvements	20-50 years
Machinery and Equipment	10-20 years
Water and Sewer Mains	40-50 years
Reservoir	50 years
Roads	30 years
Bridges	50-100 years
Street Lights	50 years
Sidewalks	20 years
Storm Sewers	35 years
Office Equipment	5-10 years
Vehicles	6-10 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in propriety fund operations are accounted for the same way as in the government-wide financial statement.

**5. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

## 6. Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term debt obligation in the government-wide Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at April 30, 2019 are determined on the basis of current salary rates and include salary related payments.

## 7. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face amount of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method, rather than expensed in the current year. Bond issuance costs are reported as debt service expenditures in the year they occur. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

## 8. Deferred Inflows of Resources

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

## 9. Equity Classifications

### Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net positions that do not meet the definitions of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

## **Fund Statements**

Governmental fund balances are displayed as follows.

- a. Nonspendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – consists of fund balances with constraints placed on their use by either 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned – Include spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City has adopted a financial policy authorizing the City Administrator or Finance Director to assign funds for specific purposes. Any funds set aside as assigned fund balance must be reported to the City Council at their next regular meeting. The City Council has the authority to remove or change the assignment of the funds with a simple majority vote. Assignments may take place after the end of the reporting period. Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City itself. All assigned fund balances are the residual amounts of the fund.
- e. Unassigned – Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also included negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Under ordinance O-12-13, the City Council formally established a stabilization arrangement. The stabilization arrangement is contained as a committed balance within the General Fund. The stabilization arrangement shall not be used except for urgent events that affect the health and safety of residents including floods, fires or storm damage. Additions to the stabilization arrangement are required when this committed fund balance declines below 30% of current budgeted General Fund expenditures.

See section 12 below for further information.

## **10. Interfund Activity**

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon

## NOTES TO FINANCIAL STATEMENTS (Continued)

consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### **11. Minimum Fund Balance**

The City has adopted a formal minimum fund balance policy.

#### Emergency Reserve (Stabilization Arrangement)

Maintaining an Emergency Reserve is a necessity for sound financial management and fiscal accountability. The City Council has the authority to establish an Emergency Reserve that will be a Committed Fund Balance. An Emergency Reserve is established for the purpose of providing funds for an urgent event that affects the health and safety of residents (e.g. floods, fires, storm damage, etc.). The minimum level for the Emergency Reserve is 30% of the next year's budgeted General Fund expenditures. The recognition of an urgent event must be established by the City Council or their designee (e.g. City Administrator). If established by the governing board's designee, the specific urgent event must be reported to the City Council at their next meeting. A budget revision must be approved by the City Council. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the Emergency Reserve balance to the established minimum level within two years.

#### Enterprise Water Operating Reserve

The City's Enterprise Operating Fund working capital will be maintained to provide the City with a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The cash reserve balance (working capital) goal for the water enterprise operating funds will be at least twenty five percent (25%) of the actual operating expenditures for the fiscal year.

#### Enterprise Water Debt Stabilization Reserve

The City will maintain a "Debt Stabilization Fund" with an upper goal of approximately fifty percent (50%) of the maximum annual average debt service payment in the following five years. The Debt Stabilization Fund is intended to provide additional security to insure the City's ability to meet debt service obligations. In the event the Debt Stabilization Fund is used, the City shall strive to restore the fund to the defined level within the next three fiscal years following the fiscal year in which the fund was used.

#### Asset Maintenance Fund

The City will maintain an additional "Asset Maintenance Fund" with an upper goal equal to two percent (2%) of the enterprise fund infrastructure assets. The Asset Maintenance Fund may be used to provide funding for the repair and maintenance of critical infrastructure. In the event the Asset Maintenance Fund is used, the City shall strive to restore the fund to the defined level within the next three fiscal years following the fiscal year in which the fund was used.

#### Solid Waste Operating Reserve

The working capital goal for the residential and commercial solid waste enterprise funds is twenty percent (20%) of the actual expenditures for the current fiscal year.

**12. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*A. BUDGETARY INFORMATION*

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, and pension trust funds. All annual budgets lapse at fiscal year-end.

The City Administrator is the designated budget officer and is responsible to prepare an annual budget and present it to the City Council for review and passage. The annual budget is prepared by fund, with line-item detail, and includes information on the prior year, current year estimates, and each department’s requested budget for the next fiscal year.

The budget process begins in early January with each department preparing its budget requests and submitting them to the City Administrator. The City Administrator then meets with each department to review the department’s proposed budget, and adjustments are made to align the proposed budget with available funding sources. By late February, the proposed budget is compiled and distributed to the City Council. During March, several budget meetings are held at which the City Council completes an in-depth review of the proposed budget and provides recommended changes. During April, the proposed budget receives tentative approval from the City Council, a public hearing is held, and then the budget is adopted by the City Council in ordinance form. The budget, which by state law also serves as the appropriation ordinance, serves as the legal budget of the City and must be adopted by the City Council prior to May 1.

The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. No amendments were made to the budget during the year ended April 30, 2019.

*B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS*

For the year ended April 30, 2019, the following funds had expenditures that exceeded the budget.

Fund	Budget	Actual	Excess of Actual Over Budget
Special Service Area #6 Debt	\$ 237,142	\$ 237,143	\$ 1
Palatine/Milwaukee TIF Development	2,250	17,772	15,522
Road Construction Debt	-	191,855	191,855
Police Pension Trust Fund	1,301,135	1,302,283	1,148
Solid Waste Disposal (SWANCC)	806,000	973,583	167,583
	450,726	452,841	2,115

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City’s year-end budget to actual report.

*C. DEFICIT BALANCES*

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

NOTES TO FINANCIAL STATEMENTS (Continued)

As of April 30, 2019, the following individual funds held a deficit fund balance:

Funds	Amount	Reason
Development	\$ (1,859,213)	Current and prior operating expenditures exceeded available revenues or financing
Special Service Area #1	(108,125)	Current and prior operating expenditures exceeded available revenues or financing

All fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

**D. LIMITATIONS ON THE CITY'S TAX LEVY**

Tax rate ceilings are established by Illinois state law under the Property Tax Extension Limitation Act (PTELA) and are subject to change only by the approval of the voters of the City. The tax rate ceilings are applied at the fund level.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt) PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the City's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rate applicable to the 2018 and 2017 tax levies was 2.1%

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The City and pension's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 8,596,255	\$ 8,658,014	
Illinois Funds Investment Pool	7,050,638	7,050,638	Credit risk
PMA Investment Pool	64,642	64,642	Credit, concentration of credit risk
Fixed Income CDs	1,935,281	1,935,281	Credit, interest rate risk
IMET	2,082	2,082	Credit risk
Other money market accounts	7,014,499	7,007,365	Credit, interest rate, and concentration of credit risk
US government securities	4,171,173	4,171,173	Interest rate
Corporate bonds	1,390,683	1,390,682	Credit, interest rate, and concentration of credit risk
Mutual funds - other than bond funds	10,329,419	10,329,419	N/A
Petty cash	1,600	-	N/A
<b>Total Deposits and Investments</b>	<b>\$ 40,556,272</b>	<b>\$ 40,609,296</b>	

**Reconciliation to financial statements**

Per Statement of Net Position	
Cash and investments	\$ 23,759,264
Per Statement of Net Position - Fiduciary Funds	
Cash and cash equivalents	905,733
Investments	15,891,275
<b>Total Deposits and Investments</b>	<b>\$ 40,556,272</b>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and non interest-bearing). In addition, if deposits are held at an institution outside of the state in

NOTES TO FINANCIAL STATEMENTS (Continued)

which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits with financial institutions are fully insured or collateralized by securities held in the City's name.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of April 30, 2019:

Investments by fair value level	4/30/2019	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
US Treasury Securities	\$ 2,147,556	\$ 2,147,556	\$ -
Government Securities	2,023,617	-	2,023,617
Corporate bonds	1,390,683	-	1,390,683
Fixed Income CDs	1,935,281	-	1,935,281
Mutual funds - other than bond funds	10,329,419	10,329,419	-
Total	<u>\$ 17,826,556</u>	<u>\$ 12,476,975</u>	<u>\$ 5,349,581</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

*Custodial Credit Risk*

*Deposits*

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of April 30, 2019, the City's investments were rated as follows:

Investments	Credit Rating	Rating Source
Illinois Funds Investment Pool	AAAm	Standard and Poor's
US Treasury	AA+	Standard and Poor's
Federal Home Loan Bank	AA+	Standard and Poor's
FHLMC	Aaa	Moody's
Caterpillar Finl SV	A	Standard and Poor's
Oracle Corporation	AA-	Standard and Poor's
Wells Fargo Bank N	A-	Standard and Poor's
Deere & Co.	A	Standard and Poor's
IBM Corp	A	Standard and Poor's
Chevron Corporation	AA	Standard and Poor's
JP Morgan Chase	A-	Standard and Poor's
Mutual Funds	Not Rated	N/A

*Concentration of Credit Risk.*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

NOTES TO FINANCIAL STATEMENTS (Continued)

At April 30, 2019, the pension's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Total Investments
Federal Home Loan Bank	US government and agency securities	8.77%

*Interest Rate Risk.*

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of April 30, 2019, the City's investments were as follows:

*City*

Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
External Investment Pools	\$ 7,115,279	\$ 7,115,279	\$ -	\$ -	\$ -
	<u>\$ 7,115,279</u>	<u>\$ 7,115,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Police Pension*

Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
US Treasury	\$ 2,147,556	\$ -	\$ 2,147,556	\$ -	\$ -
Federal Home Loan Banks	2,018,245	696,639	1,321,606	-	-
Federal Home Loan Mortgage Corp	5,372	-	5,372	-	-
Corporate Bonds	1,390,683	198,929	1,191,754	-	-
Mutual Funds	10,329,419	10,329,419	-	-	-
	<u>\$ 15,891,275</u>	<u>\$ 11,224,987</u>	<u>\$ 4,666,288</u>	<u>\$ -</u>	<u>\$ -</u>

*Money-Weighted Rate of Return*

Police Pension Fund

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investments expense, was 6.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. See Note I.D.1 for further information on deposit and investment policies.

**B. RECEIVABLES**

All of the receivables on the Balance Sheet are expected to be collected within one year.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

**C. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2019 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance May 1, 2018	Increases	Decreases	Balance April 30, 2019
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 2,206,338	\$ -	\$ -	\$ 2,206,338
Right of ways	5,557,297	-	-	5,557,297
Easements	42,000	-	-	42,000
Construction in Progress	-	1,401,746	-	1,401,746
Total Capital Assets not being depreciated	<u>\$ 7,805,635</u>	<u>\$ 1,401,746</u>	<u>\$ -</u>	<u>\$ 9,207,381</u>
Other Capital Assets				
Building and Improvements	\$ 8,268,401	\$ -	\$ -	\$ 8,268,401
Infrastructure	41,434,335	174,026	-	41,608,361
Machinery and Equipment	657,511	-	-	657,511
Office Furniture and Equipment	729,287	22,931	-	752,218
Vehicles	1,856,808	139,510	-	1,996,318
Total Other Capital Assets at Historical Cost	<u>\$ 52,946,342</u>	<u>\$ 336,467</u>	<u>\$ -</u>	<u>\$ 53,282,809</u>
Total Capital Assets	<u>\$ 60,751,977</u>	<u>\$ 1,738,213</u>	<u>\$ -</u>	<u>\$ 62,490,190</u>
Less Accumulated Depreciation for:				
Building and Improvements	\$ 2,210,041	\$ 212,591	\$ -	\$ 2,422,632
Infrastructure	24,606,006	918,227	-	25,524,233
Machinery and Equipment	334,396	52,563	-	386,959
Office Furniture and Equipment	581,335	58,665	-	640,000
Vehicles	1,308,277	142,222	-	1,450,499
Total Accumulated Depreciation	<u>\$ 29,040,055</u>	<u>\$ 1,384,268</u>	<u>\$ -</u>	<u>\$ 30,424,323</u>
Other Capital Assets, Net	<u>\$ 23,906,287</u>	<u>\$ (1,047,801)</u>	<u>\$ -</u>	<u>\$ 22,858,486</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,711,922</u>	<u>\$ 353,945</u>	<u>\$ -</u>	<u>\$ 32,065,867</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 101,385
Public Safety	184,031
Public Works	1,098,852
Total Governmental Activities Depreciation Expense	<u>\$ 1,384,268</u>

	Balance May 1, 2018	Increases	Decreases	Balance April 30, 2019
<b>Business-Type Activities</b>				
Capital Assets not being depreciated				
Land	\$ 27,367	\$ -	\$ -	\$ 27,367
Easements	74,828	-	-	74,828
Total Capital Assets not being depreciated	<u>\$ 102,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,195</u>
Other Capital Assets				
Buildings and Improvements	\$ 1,901,789	\$ -	\$ -	\$ 1,901,789
Water Mains	4,417,245	-	-	4,417,245
Water Reservoirs	230,000	-	-	230,000
Machinery and Equipment	108,137	-	-	108,137
Office Furniture and Equipment	158,381	-	-	158,381
Vehicles	57,795	99,495	-	157,290
Total Other Capital Assets at Historical Cost	<u>\$ 6,873,347</u>	<u>\$ 99,495</u>	<u>\$ -</u>	<u>\$ 6,972,842</u>
Total Capital Assets	<u>\$ 6,975,542</u>	<u>\$ 99,495</u>	<u>\$ -</u>	<u>\$ 7,075,037</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,056,942	\$ 46,254	\$ -	\$ 1,103,196
Water Mains	1,588,818	88,345	-	1,677,163
Water Reservoir	156,400	4,600	-	161,000
Machinery and Equipment	43,750	2,163	-	45,913
Office Furniture and Equipment	158,381	-	-	158,381
Vehicles	35,833	10,276	-	46,109
Total Accumulated Depreciation	<u>\$ 3,040,124</u>	<u>\$ 151,638</u>	<u>\$ -</u>	<u>\$ 3,191,762</u>
Other Capital Assets, Net	<u>\$ 3,833,223</u>	<u>\$ (52,143)</u>	<u>\$ -</u>	<u>\$ 3,781,080</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,935,418</u>	<u>\$ (52,143)</u>	<u>\$ -</u>	<u>\$ 3,883,275</u>

Depreciation expense was charged to functions as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

**Business-Type Activities**

Water	\$ 119,502
Parking	32,136
Total Business-Type Activities Depreciation Expense	<u>\$ 151,638</u>

**D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

**Interfund Receivables/Payables/Advances**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	General Fund	\$ 5,571,716
Capital Projects Fund	Nonmajor Governmental Funds	830,000
Nonmajor Governmental Funds	General Fund	153,837
General Fund	Sewer Fund	1,353
General Fund	Nonmajor Governmental Funds	145,788
General Fund	Development Fund	2,009,213
General Fund	Water Fund	3,846
General Fund	Nonmajor Enterprise Funds	517,146
Total - Fund Financial Statements		<u>\$ 9,232,899</u>
Less: Fund Eliminations		<u>(8,742,258)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 490,641</u>
		<u>\$ 490,641</u>

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-Type Activities	<u>\$ 490,641</u>
Total Government-Wide Financial Statements		<u>\$ 490,641</u>

The General Fund also has a balance of \$447,149 due to the Police Pension Trust Fund. Because the Police Pension Trust Fund is a fiduciary fund, the balance is reported separately from interfund balances and is not eliminated in the government-wide financial statements.

The principal purpose of these interfund balances is to cover cash overdrafts. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The interfund receivables/payables are expected to be repaid within one year with the exception of the interfund balance between the General and the Development Fund.

For the Statement of Net Position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**Transfers**

The following is a schedule of interfund transfers:

Transfer From	Transfer To	Amount
Nonmajor Governmental Funds	General Fund	\$ 305,957
Nonmajor Governmental Funds	Capital Projects Fund	300,000
Total - Fund Financial Statements		<u>\$ 605,957</u>
Less: Fund eliminations		<u>(605,957)</u>
Total Interfund Advances - Government-Wide Statement of Net Position		<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Generally transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due and, (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In the current year, transfers were to cover expenses for Apple Drive and Winkleman Road repairs and a prescribed burn of preserve areas.

For the Statement of Activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**E. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended April 30, 2019 was as follows:

	Balance May 1, 2018	Additions	Retirements	Balance April 30, 2019	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 11,405,000	\$ -	\$ 1,165,000	\$ 10,240,000	\$ 1,200,000
Special Service Area Bonds	1,895,000	1,820,000	1,895,000	1,820,000	150,000
Unamortized Bond Premium	108,391	-	33,247	75,144	12,666
Total Bonds and Notes Payable	<u>\$ 13,408,391</u>	<u>\$ 1,820,000</u>	<u>\$ 3,093,247</u>	<u>\$ 12,135,144</u>	<u>\$ 1,362,666</u>
Other Long-Term Liabilities					
Compensated Absences	\$ 282,618	\$ 209,221	\$ 169,571	\$ 322,268	\$ 193,361
Other Post Employment Benefits	1,904,722	144,190	116,622	1,932,290	-
Police Pension Net Pension Liability	9,039,886	2,246,271	2,162,017	9,124,140	-
IMRF Net Pension Liability	223,936	1,653,383	151,397	1,725,922	-
Total Other Long-Term Liabilities	<u>\$ 11,451,162</u>	<u>\$ 4,253,065</u>	<u>\$ 2,599,607</u>	<u>\$ 13,104,620</u>	<u>\$ 193,361</u>
Governmental Activities Long-Term Obligations	<u>\$ 24,859,553</u>	<u>\$ 6,073,065</u>	<u>\$ 5,692,854</u>	<u>\$ 25,239,764</u>	<u>\$ 1,556,027</u>
	Balance May 1, 2018	Additions	Retirements	Balance April 30, 2019	Amounts Due Within One Year
<b>Business-Type Activities</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 455,000	\$ -	\$ 55,000	\$ 400,000	\$ 60,000
Total Bonds and Notes Payable	<u>\$ 455,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 400,000</u>	<u>\$ 60,000</u>
Other Long-Term Liabilities					
Compensated Absences	\$ 10,534	\$ 4,724	\$ 6,320	\$ 8,938	\$ 5,363
IMRF Net Pension Liability	19,673	111,950	11,058	120,565	-
Total Other Long-Term Liabilities	<u>\$ 30,207</u>	<u>\$ 116,674</u>	<u>\$ 17,378</u>	<u>\$ 129,503</u>	<u>\$ 5,363</u>
Business-Type Activities Long-Term Obligations	<u>\$ 485,207</u>	<u>\$ 116,674</u>	<u>\$ 72,378</u>	<u>\$ 529,503</u>	<u>\$ 65,363</u>

Estimated payments of compensated absences, net pension liability, and other post-employment benefits obligation are not included in the debt service requirements schedules that follow. The compensated absences liability, net pension liability and other post-employment benefits obligation attributable to governmental activities will be liquidated primarily by the General Fund. In the business-type activities, the obligations for the compensated absences will be repaid from the Water Fund.

The City is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the City. As of April 30, 2019, the statutory limit for the City was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

2018 EAV	\$ 391,916,422
	<u>X 8.625%</u>
Debt Margin	\$ 33,802,791
Current Debt	<u>10,715,144</u>
Remaining Debt Margin	<u>\$ 23,087,647</u>

*General Obligation Debt*

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the Debt Service Fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

	Date of Issue	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>					
<b>General Obligation Debt</b>					
2008 General Obligation Debt	3/25/2008	12/15/2023	4.327%	\$ 2,045,000	\$ 825,000
2011A General Obligation Debt	6/29/2011	12/15/2026	2.50% - 4.00%	5,000,000	3,070,000
2012 General Obligation Debt	2/28/2012	12/15/2026	2.00% -2.50%	5,000,000	3,085,000
2013 General Obligation Debt	4/16/2013	12/15/2026	2.00% - 2.35%	5,000,000	3,260,000
Total Governmental Activities - General Obligation Debt				<u>\$ 17,045,000</u>	<u>\$ 10,240,000</u>
<b>Business-Type Activities</b>					
<b>General Obligation Debt</b>					
2010 General Obligation Debt	7/1/2010	12/15/2024	4.00% - 5.20%	\$ 800,000	\$ 400,000
Total Business-Type Activities - General Obligation Debt				<u>\$ 800,000</u>	<u>\$ 400,000</u>

Debt service requirements maturity are as follows:

Year Ending April 30	Governmental Activities - General Obligation Debt			Business-type Activities - General Obligation Debt		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,200,000	\$ 290,933	\$ 1,490,933	\$ 60,000	\$ 18,910	\$ 78,910
2021	1,240,000	258,567	1,498,567	60,000	16,390	76,390
2022	1,275,000	224,944	1,499,944	65,000	13,750	78,750
2023	1,315,000	188,505	1,503,505	70,000	10,760	80,760
2024	1,370,000	150,849	1,520,849	70,000	7,400	77,400
2025 - 2029	3,840,000	225,985	4,065,985	75,000	3,900	78,900
	<u>\$ 10,240,000</u>	<u>\$ 1,339,783</u>	<u>\$ 11,579,783</u>	<u>\$ 400,000</u>	<u>\$ 71,110</u>	<u>\$ 471,110</u>

*Special Service Area Bonds*

Special service area bonds have been issued to provide funds for water main capital construction and road capital improvements within the Lake Claire Special Service Area. The bonds issued in 2009 were refunded in the current fiscal year. The aggregate difference in debt service between the refunding debt and the refunded debt is a favorable \$240,942. Special service area bonds at April 30, 2019 consist of the following:

	Date of Issue	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>					
<b>Special Service Area Bonds</b>					
Special Service Area Bonds	1/29/2009	12/15/2028	3.5% - 6.25%	\$ 2,800,000	\$ -
Special Service Area Refunding Bonds	9/27/2018	12/15/2028	2.0% - 3.5%	1,820,000	1,820,000
				<u>\$ 4,620,000</u>	<u>\$ 1,820,000</u>

At April 30, 2019 the annual debt service requirements to service special service area bonds are:

NOTES TO FINANCIAL STATEMENTS (Continued)

Governmental Activities - Special Service Area Bonds			
Year Ending April 30	Principal	Interest	Total
2020	\$ 150,000	\$ 67,513	\$ 217,513
2021	160,000	52,490	212,490
2022	170,000	48,570	218,570
2023	175,000	43,895	218,895
2024	180,000	38,733	218,733
2025 - 2029	985,000	103,389	1,088,389
	<u>\$ 1,820,000</u>	<u>\$ 354,590</u>	<u>\$ 2,174,590</u>

F. FUND BALANCES

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2019, include the following:

**Nonspendable**

Major Funds

General Fund

Advance to other funds	\$ 2,642,440
Prepaid Items	141,467
Road & Building Bond Escrow	2,062
Subtotal General Fund	<u>\$ 2,785,969</u>

**Restricted**

Major Funds

General Fund

Public Safety	\$ 67,411
Road Construction Debt Fund	
Debt Service	<u>\$ 887,607</u>

Nonmajor Funds

Streets and Highways	\$ 1,775,790
Special Service Area Improvements	812,308
Tourism	78,984
Palatine Road Tax Increment Financing	476,864
Public Safety	499,337
Debt Service	1,253,117
Subtotal Nonmajor	<u>\$ 4,896,400</u>

Total	<u>\$ 5,851,418</u>
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**Committed**

Major Funds

General Fund

Revenue Stabilization	\$ 3,000,000
Capital Projects Fund	
Capital Projects	6,244,748

Nonmajor Fund

Solid Waste Disposal	117,297
Total	<u>\$ 9,362,045</u>

**Unassigned**

Major Funds

General Fund

Development Fund	\$ 5,190,357
Sub-total	<u>(1,859,213)</u>
	\$ 3,331,144

Nonmajor Funds

Special Service Area #1	(108,125)
Total	<u>\$ 3,223,019</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

G. *PROPERTY TAXES*

A summary of the assessed valuation, rates, and extensions for the years 2018, 2017 and 2016 follows:

Tax Year	2018		2017		2016	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
Assessed Valuation	\$391,916,422		\$396,799,409		\$392,654,852	
Bonds and Interest	0.3437	\$ 1,370,497	0.3437	\$ 1,363,724	0.3468	\$ 1,361,572
Police Pension	0.0928	363,698	0.0888	352,357	0.0871	341,960
Total Taxes Extended	0.4365	\$ 1,734,195	0.4325	\$ 1,716,081	0.4339	\$ 1,703,532
Special Service Area #1	-	\$ -	-	\$ -	-	\$ 27,611
Special Service Area #2	-	\$ -	-	\$ -	-	\$ 42,222
Special Service Area #3	-	\$ -	-	\$ -	-	\$ 25,750
Special Service Area #4	-	\$ -	-	\$ -	-	\$ 41,217
Special Service Area #5	-	\$ 25,750	-	\$ 25,750	-	\$ 62,934
Special Service Area #6	-	\$ 228,389	-	\$ 249,284	-	\$ 250,428
Special Service Area #8	-	\$ 132,042	-	\$ 128,916	-	\$ 225,055
TIF - Palatine Road	-	\$ 143,028	-	\$ 112,729	-	\$ 140,625
TIF - Palatine / Milwaukee	-	\$ 945,480	-	\$ 954,306	-	\$ 1,120,164

**NOTE IV – OTHER INFORMATION**

A. *EMPLOYEES’ RETIREMENT SYSTEM*

The City contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the pension plan. IMRF does issue a publicly available report that includes financial statements and supplementary information of 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.

**ILLINOIS MUNICIPAL RETIREMENT FUND**

**Plan Description.** The City’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit,

NOTES TO FINANCIAL STATEMENTS (Continued)

plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

**Employees Covered by Benefit Terms.** All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2018, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	43
Inactive plan members entitled to but not yet receiving benefits	35
Active plan members	17
Total	95

**Contributions.** As set by statute, the City’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual contribution rate for calendar year 2018 was 12.36%. For the fiscal year ended April 30, 2019, the City contributed \$154,909 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability.** The components of the net pension liability of the IMRF as of December 31, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	11,996,684
IMRF Fiduciary Net Position		10,150,197
City's Net Pension Liability		1,846,487
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		84.61%

See the Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

**Actuarial Assumptions.** The total pension liability above was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

Assumptions

Price Inflation	2.50%
Salary Increases	3.39% - 14.25% including inflation
Interest Rate	7.25%
Asset Valuation Method	Market Value of Assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Long-Term Expected Rate of Return.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

Asset Class	Target Allocation	Projected Return
Equities	37%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash	1%	2.50%
	100.00%	

**Single Discount Rate.** The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%; and resulting single discount rate is 7.25%.

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2017	\$ 11,079,784	\$ 10,836,175	\$ 243,609
Changes for the year:			
Service Cost	\$ 133,920	\$ -	\$ 133,920
Interest on the Total Pension Liability	814,238	-	814,238
Differences Between Expected and Actual Experience of the Total Pension Liability	257,771	-	257,771
Changes of Assumptions	291,440	-	291,440
Contributions - Employer	-	162,456	(162,456)
Contributions - Employee	-	59,147	(59,147)
Net Investment Income	-	(572,869)	572,869
Benefit Payments, including Refunds of Employee Contributions	(580,469)	(580,469)	-
Other (Net Transfer)	-	245,757	(245,757)
Net Changes	\$ 916,900	\$ (685,978)	\$ 1,602,878
Balances at December 31, 2018	\$ 11,996,684	\$ 10,150,197	\$ 1,846,487

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability	\$ 3,168,939	\$ 1,846,487	\$ 756,156

**Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended April 30, 2019, the City recognized pension expense/(income) of \$226655. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Expense in Future Periods</b>	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 110,338	\$ 1,094	\$ 109,244
Changes of assumptions	124,750	3,143	121,607
Net difference between projected and actual earnings on pension plan investments	669,139	-	669,139
Total deferred amounts to be recognized in pension expense in future periods	\$ 904,227	\$ 4,237	\$ 899,990
Pension contributions made subsequent to the measurement date	49,489	-	49,489
Total deferred amounts related to pensions	\$ 953,716	\$ 4,237	\$ 949,479

Contributions made after the measurement date of the net pension liability but before the end of the employer’s reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 447,295
2020	93,815
2021	82,611
2022	276,269
2023	-
Thereafter	-
	<u>\$ 899,990</u>

**POLICE PENSION PLAN**

**Plan Description.** Full-time police sworn personnel of the City are covered by The Police Pension Plan (Plan), which is a defined benefit single-employer pension plan. Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency. The Board consists of seven elected or appointed members.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

*Tier 1* - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* – Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with at least 10 years or more of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police officer shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase in the CPI, whichever is less.

**Plan Membership.** Membership in the Plan consisted of the following at April 30, 2019 the date of the most recent actuarial evaluation:

Retirees and beneficiaries receiving benefits	13
Terminated plan members entitled to but not yet receiving benef	1
Active plan members	<u>23</u>
Total	<u><u>37</u></u>

**Contributions.** Covered employees are required by Illinois Compiled Statutes (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 City is required to contribute the remaining amounts necessary to finance the plan and the

NOTES TO FINANCIAL STATEMENTS (Continued)

administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2019 the City's contribution was 38.90% of covered payroll.

**Net Pension Liability.** The net pension liability/(asset) was measured as of April 30, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date. The components of the net pension liability of the Plan as of May 1, 2018, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 26,390,541
Plan Fiduciary Net Position	17,266,401
City's Net Pension Liability	9,124,140
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.43%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

**Summary of Significant Accounting Policies.** The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

**Actuarial Assumptions.** The total pension liability above was determined by an actuarial valuation performed as of May 1, 2018 using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal (Level %)
Assumptions	
Inflation	2.50%
Salary Increases	4.25% - 9.76%
Investment Rate of Return	6.75%
Asset Valuation Method	Market Value

Active mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.

Retiree mortality follows the L&A Assumption Study for Police 2016. These rates are experience weighted with the raw rates as developed in the RP-2014 Study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.

Disabled mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled participants, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.

Spouse mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 improvement rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

NOTES TO FINANCIAL STATEMENTS (Continued)

**Discount Rate.** The discount rate used to measure the total pension liability was 6.75% at the prior valuation. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

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 City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Plan's net pension liability, calculated using a Single Discount Rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 13,275,429	\$ 9,124,140	\$ 5,784,315

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at May 1, 2018	\$ 25,084,413	\$ 16,044,527	\$ 9,039,886
Changes for the year:			
Service Cost	\$ 456,041	\$ -	\$ 456,041
Interest on the Total Pension Liability	1,662,493	-	1,662,493
Differences Between Expected and Actual Experience of the Total Pension Liability	97,370	-	97,370
Contributions - Employer	-	794,856	(794,856)
Contributions - Employee	-	241,784	(241,784)
Net Investment Income	-	1,125,377	(1,125,377)
Benefit Payments, including Refunds of Employee Contributions	(909,776)	(909,776)	-
Administrative Expense	-	(30,367)	30,367
Net Changes	\$ 1,306,128	\$ 1,221,874	\$ 84,254
Balances at April 30, 2019	\$ 26,390,541	\$ 17,266,401	\$ 9,124,140

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended April 30, 2019, the City recognized pension expense of \$1,118,239. At April 30, 2019, the City reported net deferred outflows/(inflows) of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
<b>Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 975,545	\$ 88,666	\$ 886,879
Assumption changes	231,306	508,232	(276,926)
Net difference between projected and actual earnings on pension investments	121,846	-	121,846
Total deferred amounts to be recognized in pension expense in future periods	\$ 1,328,697	\$ 596,898	\$ 731,799

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

Year Ending April 30	Net Deferred Outflows of Resources
2020	\$ 297,381
2021	(49,441)
2022	104,477
2023	101,700
2024	109,523
Thereafter	168,159
	<u>\$ 731,799</u>

### B. RISK MANAGEMENT

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participated in a public entity risk pool to provide coverage for losses from workers compensations and property and casualty. However, other risks, such as torts; errors and omission; and health care of its employees are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

#### Public Entity Risk Pool

Illinois Counties Risk Management Trust (ICRMT)

The City participates in the Illinois Counties Risk Management Trust (ICRMT). Established in 1983, the ICRMT is a risk pooling program for workers compensation and property and casualty coverages for Illinois public entities.

Contributions are determined by the Executive Board based on factors including, but not limited to, the following: the claims experience, investment income, costs and expense of the ICRMT as a whole and each participant's own claims experience.

The City's liability is limited to those claims and losses within the scope of the coverages provided and the City is not responsible for the debts of or claims against any other participant.

### C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide financial statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The City is monitoring the progress of these matters.

D. *JOINT VENTURES*

**Solid Waste Agency of Northern Cook County (SWANCC)**

The City is a member of the SWANCC, which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended, (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members. The percentage share of the City, based on a formula contained in SWANCC's agreement, as of April 30, 2019, is 3.0873%. This percentage share is subject to change in future years based on the usage of the municipalities.

The members form a contiguous geographic service area, which is located northwest of downtown Chicago. Under the Agency Agreement, additional members may join SWANCC, upon the approval of each member. SWANCC is governed by a Board of Directors which consists of one appointed Mayor or President from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the Board. The Board determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules, and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or by the bylaws. Complete financial statements are available from the Solid Waste Agency of Northern Cook County, 77 West Hintz Road, Suite 200, Wheeling, Illinois 60090.

The City has committed to pay its share of the annual operating costs and fixed costs of SWANCC. The City's share of dual costs is expected to be funded through the tipping fees paid by refuse haulers. The City began delivering refuse to SWANCC in May 1995. Present contract provisions transfer the cost burden to the waste hauler.

SWANCC has entered into solid waste disposal contracts with member municipalities. The contracts are irrevocable and may not be terminated or amended, except as provided in the contract. Each member is obligated, on a "take or pay" basis, to purchase or, in any event, to pay for a minimum annual cost of the system. The obligation of the City to make all payments as required by the contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC or its obligations under the contract. Payments to SWANCC totaled \$329,717 for the year ended April 30, 2019. The City does not have an equity interest in SWANCC.

**Chicago Executive Airport**

The City is a member of the Chicago Executive Airport (the Airport), a proprietary joint venture, which consists of two municipalities. Chicago Executive Airport is a joint airport commission established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). Chicago Executive Airport is empowered under the Act to acquire, organize, operate, and maintain an airport to serve its members and other potential airport customers. Chicago Executive Airport is an intergovernmental cooperative created under Illinois law to allow the City of Prospect Heights, Illinois and the Village of Wheeling, Illinois (collectively referred to as member municipalities) joint ownership and administration of the Airport. Each member has a 50% share as of the date of this report.

The member municipalities have entered into agreements with Federal Aviation Administration of the United States of America and the state of Illinois to sponsor projects for the acquisition and development of the Airport. Although assets are legally held in the name of the member municipalities, such assets are recorded in Chicago Executive Airport's financial statements to present the overall financial position and operations of the Airport. Airport revenues are solely restricted to funding airport development and airport maintenance expenses. The duration of the intergovernmental agreement shall be for the term of

## NOTES TO FINANCIAL STATEMENTS (Continued)

20 years or the useful life of the Airport, whichever is longer, unless sooner terminated and dissolved by mutual agreements of the member municipalities or by operation of law.

Per the agreement, the City and the Village of Wheeling have an equal share of the assets of the Airport and at the termination of the agreement, the City and the Village of Wheeling shall dispose of all property acquired under the agreement. Therefore, the City has an ongoing financial (equity) interest in the Airport.

Chicago Executive Airport is governed by a Board of Directors, which consists of five members plus a Chairman. The Board establishes the policies of the Airport, reviews the performance of the Airport Manager, makes recommendations on the annual budget, approves bills, enters into contracts, makes recommendations on appointment, removal, or discipline of the Airport Manager, recommends changes to the intergovernmental agreement, recommends changes to the rules and regulations, recommends changes to the Airport Layout Plan, makes recommendations on private financing of Airport improvements, makes recommendations on rates and charges, and exercises all powers not reserved to the municipalities.

The powers reserved to the two municipalities are: appointment, discharge, and discipline of the Airport Manager, approval of the Airport Layout Plan, approval of any leases and contracts not in conformance with Airport rules and regulations, approval of any debt obligations, approval of the annual budget, approval of amendments to the intergovernmental agreement, and approval of land acquisition. The Board acts primarily in a "management" capacity.

The City's investment in the joint venture is accounted for using the equity method. Under the equity method, the investment asset is adjusted for the City's share of the change in net position. The City's share of the change in net position is reported as a single line item, either revenue or expense depending on whether the net change is positive or negative.

### Summary of Financial Information of Joint Venture

#### Summary of net position as of April 30, 2019:

Assets	
Current Assets	\$ 6,961,987
Capital Assets	86,192,522
Total Assets	<u>\$ 93,154,509</u>
Liabilities	
Current Liabilities	\$ 1,006,774
Long-Term Liabilities	3,991,339
Total Liabilities	<u>\$ 4,998,113</u>
Net Position	<u>\$ 88,156,396</u>

#### Summary of changes in net position for the year ended April 30, 2019:

Total Revenues	\$ 4,700,487
Total Expenses	<u>6,839,557</u>
Net income/(loss) before capital contributions	\$ (2,139,070)
Capital contributions	<u>398,836</u>
Change in net position	\$ (1,740,234)
Net Position, beginning of year	89,896,630
Net position, end of year	<u>\$ 88,156,396</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Complete financial statements are available from the Chicago Executive Airport, 1020 South Plant Road, Wheeling, Illinois 60090. At April 30, 2019, the City's proportionate shares of equity and net loss were \$44,078,198 and \$(870,117), respectively. The City made no payments to the Airport for the year ended April 30, 2019, however the City did receive \$49,047 in revenue sharing payments from the Airport for the year ended April 30, 2019.

**E. OTHER POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN**

**Plan Overview.** In addition to the retirement plans described in Note IV (A), the City provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

Medical Coverage

Eligible retirees may continue coverage into retirement on the City's plan on a pay-all basis. Coverage is also available for eligible dependents on a pay-all basis. Coverage is secondary to Medicare. Coverage for dependents ends at the same time as that for the retiree.

The Plan does not issue a stand-alone financial report.

**Eligibility.** Employees of the City are eligible for retiree health benefits as listed below:

Regular Plan Tier 1 (Enrolled in IMRF prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service

Regular Plan Tier 2 (Enrolled in IMRF on or After January 1, 2011)

- At least 62 years old and at least 10 years of credited service

Police Plan Tier 1

- At least 50 years old and at least 20 years of credited service

Police Plan Tier 2

- At least 55 years old and at least 10 years of credited service

Membership in the Plan consisted of the following at May 1, 2017, the date of the latest actuarial valuation:

Active employees	34
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	3
Total	<u>37</u>

**Contribution.** Benefit provisions are established through personnel policy guidelines and state that eligible retirees and their spouses contribute at established contribution rates. These guidelines may be amended by the action of the governing body. Retired employees may continue in the group health insurance plan at their own expense in accordance with State and Federal requirements. The cost of coverage shall be at the same rate as is established for active employees.

**Total OPEB Liability.** The City's total OPEB liability was measured as of April 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of May 1, 2017.

**Actuarial Assumptions.** The total OPEB liability in the May 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

NOTES TO FINANCIAL STATEMENTS (Continued)

Discount rate	3.79%
Salary Rate Increase	3.00%
Expected long-term investment rate of return	N/A

Health Care Trend The initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.

Retiree Contribution Trend Same as Health Care Trend Rates

Mortality RP-2014 Combined Annuitant Mortality Table for males and females. These rates are improved generationally using MP-2014 and MP-2016 Improvement Rates.

Disability Rates IMRF 2017 for IMRF employees, 100% of the L&A Assumption Study for Police 2016.

Average Retirement Age  
 IMRF Tier 1: Age 60  
 IMRF Tier 2: Age 62  
 Police Tier 1: Age 54  
 Police Tier 2: Age 55

Termination/Turnover Rates IMRF 2017 for IMRF employees, 100% of the L&A Assumption Study for Police 2016.

Annual Adjusted Premiums				
	Under Age 65		Age 65- & Over	
	Retiree	Spouse	Retiree	Spouse
HMO Plan	\$ 17,416	\$ 28,923	\$ 13,581	\$ 22,554
PPO Plan	15,820	18,368	12,336	14,323

Annual Blended Premiums				
	Under Age 65		Age 65- & Over	
	Retiree	Spouse	Retiree	Spouse
HMO Plan	\$ 8,530	\$ 14,166	\$ 8,530	\$ 14,166
PPO Plan	7,748	8,996	7,748	8,996

Election at Retirement  
 IMRF: 30%  
 IMRF (Currently Waiving): 10%  
 Police: 30%

Spousal Election  
 Of those employees assumed to elect coverage in retirement, 50% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Retiree Lapse Rate 100% of retirees receiving medical coverage are expected to lapse all coverages at age 65.

Plan Participation Rate Of those employees assumed to elect coverage in retirement, it is assumed they will elect coverage in the available medical plans at the following rates:

	IMRF	Police
HMO Plan	25%	25%
PPO Plan	75%	75%

The actuarial assumptions used in the May 1, 2017 valuation were based on the results of an actuarial experience study for 2016.

There is no long-term expected rate of return on OPEB plan investments because the City does not have a trust dedicated exclusively to the payment of OPEB benefits.

**Discount Rate.** The City does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 3.79% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of April 25, 2019. The discount rate has been decreased from 3.97% to 3.79% to better reflect the current high-quality fixed income environment.

**Changes in the Total OPEB Liability**

	Increase / (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at May 31, 2018	\$ 1,904,722	\$ -	\$ 1,904,722
Changes for the year:			
Service Cost	\$ 48,981	\$ -	\$ 48,981
Interest on Total OPEB Liability	73,300	-	73,300
Benefit Payments	(116,622)	(116,622)	-
Assumption Changes	21,909		21,909
Contributions - Employer	-	116,622	(116,622)
Net Changes	\$ 27,568	\$ -	\$ 27,568
Balances at April 30, 2019	\$ 1,932,290	\$ -	\$ 1,932,290

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Increase	Valuation Rate	1% Decrease
\$ 1,778,673	\$ 1,932,290	\$ 2,105,698

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates.** The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Increase	Healthcare Cost Valuation Rate	1% Decrease
\$ 2,100,254	\$ 1,932,290	\$ 1,783,052

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the fiscal year ended April 30, 2019, the City recognized OPEB expense of \$123,956. At April 30, 2019, the City reported deferred outflows of resources or deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Changes of Assumptions	\$ 20,234	\$ -	\$ 20,234

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over a 5-year period. Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ending April 30	Net Outflows/(Inflows) of Resources
2020	\$ 1,675
2021	1,675
2022	1,675
2023	1,675
2024	1,675
Thereafter	11,859
	\$ 20,234

F. TAX ABATEMENT AGREEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City is disclosing all abatement agreements individually.

The City has entered into a sales tax abatement agreement with Tony’s Finer Foods Enterprises as an incentive to operate a grocery store to spur retail activity in a shopping center within the community. The abatement is originally authorized through an Agreement passed by the City Council in Ordinance 12-37 on October 22, 2012 to the previous owner with a subsequent assignment and assumption of the Economic Incentive Agreement dated May 1, 2016. Per the agreement, incentive payments will be made for a period of 12 years beginning in 2016 with sharing percentages ranging from 70.54% in the first year to 13.04% in the final year. If the total payments exceed \$2.9 million, the percentage shall be 25% until October 2027. For the year ending April 30, 2019, total incentive payments were \$146,919.

All abatement agreements are entered into under the authority of the Mayor, City Clerk, and City Council.

G. OPERATING LEASES

The City leases a parking lot under an operating lease. Total lease expense for fiscal year 2019 was \$30,011. The lease is scheduled to terminate on October 31, 2023, but there is an option to renew the term for five five-year periods.

Annual requirements to cover outstanding lease payments through the original termination date at April 30, 2019 are:

<u>YEAR ENDING APRIL 30</u>	<u>TOTAL PAYMENTS</u>
2020	\$ 18,000
2021	18,000
2022	18,000
2023	18,000
2024	18,000
	<u>\$ 90,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original &amp; Final</u>	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Local Taxes			
Property Tax	\$ 386,346	\$ 375,984	\$ (10,362)
Local Use	427,533	488,057	60,524
Utility	910,700	819,355	(91,345)
Local Sales Tax	302,627	312,708	10,081
Places for Eating	335,000	318,704	(16,296)
Other	410,524	446,869	36,345
Total Local Taxes	<u>\$ 2,772,730</u>	<u>\$ 2,761,677</u>	<u>\$ (11,053)</u>
Intergovernmental			
Income Tax	\$ 1,427,548	\$ 1,681,769	\$ 254,221
Grants	26,176	56,704	30,528
State Sales Tax	1,001,279	1,405,229	403,950
Personal Property Replacement Tax	5,228	5,526	298
Other	57,500	107,656	50,156
Total Intergovernmental	<u>\$ 2,517,731</u>	<u>\$ 3,256,884</u>	<u>\$ 739,153</u>
Licenses and Permits			
Vehicle Stickers	\$ 757,100	\$ 821,650	\$ 64,550
Licenses	198,500	217,771	19,271
Total Licenses and Permits	<u>\$ 955,600</u>	<u>\$ 1,039,421</u>	<u>\$ 83,821</u>
Fines, Forfeitures and Penalties			
Public Safety Fines and Fees	\$ 629,000	\$ 661,319	\$ 32,319
Total Fines, Forfeitures and Penalties	<u>\$ 629,000</u>	<u>\$ 661,319</u>	<u>\$ 32,319</u>
Charges for Services			
Franchise Fees	\$ 344,500	\$ 338,207	\$ (6,293)
Building Revenue and Fees	431,000	555,030	124,030
Public Safety Charges for Services	44,200	93,924	49,724
General Government Administration	193,000	193,000	-
Total Charges for Services	<u>\$ 1,012,700</u>	<u>\$ 1,180,161</u>	<u>\$ 167,461</u>
Investment Income			
Investment Income	\$ 38,250	\$ 200,837	\$ 162,587
Total Investment Income	<u>\$ 38,250</u>	<u>\$ 200,837</u>	<u>\$ 162,587</u>
Miscellaneous			
Reimbursable Income	\$ 327,399	\$ 160,225	\$ (167,174)
Miscellaneous	34,500	30,723	(3,777)
Total Miscellaneous	<u>\$ 361,899</u>	<u>\$ 190,948</u>	<u>\$ (170,951)</u>
Total Revenues	<u>\$ 8,287,910</u>	<u>\$ 9,291,247</u>	<u>\$ 1,003,337</u>
<b>EXPENDITURES</b>			
General Government			
City Council and Boards			
Salaries	\$ 27,000	\$ 29,900	\$ 2,900
Pension Benefits	2,420	2,027	(393)
Professional Services	1,500	166	(1,334)
Professional Development	17,300	15,938	(1,362)
Maintenance Supplies	1,050	24	(1,026)
Other Expenditures	22,000	31,877	9,877
Total City Council and Boards	<u>\$ 71,270</u>	<u>\$ 79,932</u>	<u>\$ 8,662</u>
Administration			
Salaries	\$ 346,890	\$ 357,518	\$ 10,628
Insurance Benefits	24,480	20,758	(3,722)
Pension Benefits	66,740	64,847	(1,893)
Professional Services	159,000	172,632	13,632
Communications	56,500	57,425	925
Professional Development	5,700	1,938	(3,762)
Service Charges and Fees	72,500	68,121	(4,379)
Other Contractual Services	52,600	52,197	(403)
General Supplies	12,300	10,282	(2,018)
Printed Materials	-	855	855
Other Expenditures	-	340	340
Total Administration	<u>\$ 796,710</u>	<u>\$ 806,913</u>	<u>\$ 10,203</u>

See Accompanying Independent Auditor's Report





CITY OF PROSPECT HEIGHTS, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2019

	<u>4/30/2019*</u>	<u>4/30/2018*</u>	<u>4/30/2017*</u>	<u>4/30/2016*</u>
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 133,920	\$ 162,911	\$ 149,243	\$ 141,921
Interest on Total Pension Liability	814,238	817,631	745,396	695,680
Differences Between Expected and Actual Experience	257,771	(118,190)	571,045	299,316
Changes of Assumptions	291,440	(339,343)	(23,563)	11,372
Benefit Payments, Including Refunds of Member Contributions	(580,469)	(527,039)	(497,736)	(452,023)
Net Change in Total Pension Liability	<u>\$ 916,900</u>	<u>\$ (4,030)</u>	<u>\$ 944,385</u>	<u>\$ 696,266</u>
Total Pension Liability - Beginning	<u>11,079,784</u>	<u>11,083,814</u>	<u>10,139,429</u>	<u>9,443,163</u>
Total Pension Liability - Ending	<u>\$ 11,996,684</u>	<u>\$ 11,079,784</u>	<u>\$ 11,083,814</u>	<u>\$ 10,139,429</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 162,456	\$ 175,762	\$ 189,190	\$ 171,547
Contributions - Member	59,147	62,872	98,116	65,806
Net Investment Income	(572,869)	1,680,456	620,021	43,117
Benefit Payments, Including Refunds of Member Contributions	(580,469)	(527,039)	(497,736)	(452,023)
Other (Net Transfer)	245,757	(391,162)	612,930	253,636
Net Change in Plan Fiduciary Net Position	<u>\$ (685,978)</u>	<u>\$ 1,000,889</u>	<u>\$ 1,022,521</u>	<u>\$ 82,083</u>
Plan Net Position - Beginning	<u>10,836,175</u>	<u>9,835,286</u>	<u>8,812,765</u>	<u>8,730,682</u>
Plan Net Position - Ending	<u>\$ 10,150,197</u>	<u>\$ 10,836,175</u>	<u>\$ 9,835,286</u>	<u>\$ 8,812,765</u>
City's Net Pension Liability	<u>\$ 1,846,487</u>	<u>\$ 243,609</u>	<u>\$ 1,248,528</u>	<u>\$ 1,326,664</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.61%	97.80%	88.74%	86.92%
Covered-Valuation Payroll	\$ 1,314,372	\$ 1,397,151	\$ 1,451,961	\$ 1,375,680
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	140.48%	17.44%	85.99%	96.44%

\* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
LAST TEN FISCAL YEARS

	<u>4/30/2019*</u>	<u>4/30/2018*</u>	<u>4/30/2017*</u>	<u>4/30/2016*</u>
Actuarially-Determined Contribution	\$ 162,456	\$ 175,762	\$ 189,191	\$ 171,547
Contributions in relation to Actuarially-Determined Contribution	<u>162,456</u>	<u>175,762</u>	<u>189,190</u>	<u>171,547</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Covered-Valuation Payroll	\$ 1,312,850	\$ 1,342,020	\$ 1,548,073	\$ 1,475,434
Contributions as a percentage of Covered-Valuation Payroll	12.37%	13.10%	12.22%	11.63%

**Notes to Schedule:**

**Actuarial Method and Assumptions Used on the Calculation of the 2018 Contribution Rate \***

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Actuarial Cost Method:** Aggregate entry age = normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 25-year closed period

**Asset Valuation Method:** 5-year smoothed market; 20% corridor

**Wage Growth:** 3.5%

**Price Inflation:** 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

**Salary Increases:** 3.75% to 14.50%, including inflation

**Investment Rate of Return:** 7.50%

**Retirement Age:** Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

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

\*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
POLICE PENSION PLAN  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2019

	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 456,041	\$ 427,205	\$ 428,118	\$ 450,562	\$ 421,779
Interest	1,662,493	1,528,417	1,532,118	1,380,834	1,254,008
Differences Between Expected and Actual Experience	97,370	1,166,470	(6,929)	(429,471)	(477,794)
Changes in Assumptions	-	(340,571)	(621,154)	1,156,506	1,145,952
Benefit Payments, Including Refunds of Member Contributions	(909,776)	(680,633)	(472,067)	(322,396)	(741,886)
Net Change in Total Pension Liability	<u>\$ 1,306,128</u>	<u>\$ 2,100,888</u>	<u>\$ 860,086</u>	<u>\$ 2,236,035</u>	<u>\$ 1,602,059</u>
Total Pension Liability - Beginning	<u>25,084,413</u>	<u>22,983,525</u>	<u>22,123,439</u>	<u>19,887,404</u>	<u>18,285,345</u>
Total Pension Liability - Ending	<u>\$ 26,390,541</u>	<u>\$ 25,084,413</u>	<u>\$ 22,983,525</u>	<u>\$ 22,123,439</u>	<u>\$ 19,887,404</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 794,856	\$ 1,125,669	\$ 877,282	\$ 715,486	\$ 671,436
Contributions - Member	241,784	209,576	246,043	194,882	178,778
Net Investment Income	1,125,377	981,790	1,056,552	(122,786)	724,207
Benefit Payments, Including Refunds of Member Contributions	(909,776)	(680,633)	(472,067)	(322,396)	(742,462)
Administrative Expenses	(30,367)	(30,956)	(28,861)	(32,766)	(22,575)
Net Change in Plan Fiduciary Net Position	<u>\$ 1,221,874</u>	<u>\$ 1,605,446</u>	<u>\$ 1,678,949</u>	<u>\$ 432,420</u>	<u>\$ 809,384</u>
Plan Net Position - Beginning	<u>16,044,527</u>	<u>14,439,081</u>	<u>12,760,133</u>	<u>12,327,713</u>	<u>11,518,329</u>
Plan Net Position - Ending	<u>\$ 17,266,401</u>	<u>\$ 16,044,527</u>	<u>\$ 14,439,082</u>	<u>\$ 12,760,133</u>	<u>\$ 12,327,713</u>
City's Net Pension Liability	<u>\$ 9,124,140</u>	<u>\$ 9,039,886</u>	<u>\$ 8,544,443</u>	<u>\$ 9,363,306</u>	<u>\$ 7,559,691</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.43%	63.96%	62.82%	57.68%	61.99%
Covered-Employee Payroll	\$ 2,043,565	\$ 2,126,776	\$ 2,059,831	\$ 1,892,749	\$ 1,910,410
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	446.48%	425.05%	414.81%	494.69%	395.71%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	<u>2019</u> 6.90%	<u>2018</u> 6.40%	<u>2017</u> 8.31%	<u>2016</u> -1.01%	<u>2015</u> 6.62%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
POLICE PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTION  
LAST TEN FISCAL YEARS

	<u>4/30/2019</u>	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>	<u>4/30/2015</u>
Actuarially-Determined Contribution	\$ 920,119	\$ 820,079	\$ 728,579	\$ 630,932	\$ 630,932
Contributions in relation to Actuarially-Determined Contribution	<u>794,856</u>	<u>1,125,669</u>	<u>877,282</u>	<u>715,486</u>	<u>671,436</u>
Contribution deficiency/(excess)	<u>\$ 125,263</u>	<u>\$ (305,590)</u>	<u>\$ (148,703)</u>	<u>\$ (84,554)</u>	<u>\$ (40,504)</u>
Covered-Employee Payroll	\$ 2,040,399	\$ 2,126,776	\$ 2,059,831	\$ 1,892,749	\$ 1,910,410
Contributions as a percentage of Covered-Employee Payroll	38.96%	52.93%	42.59%	37.80%	35.15%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
OTHER POST-EMPLOYMENT BENEFIT  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2019

	<u>4/30/2019*</u>	<u>4/30/2018*</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 48,981	\$ 47,111
Interest	73,300	72,931
Changes of Assumptions	21,909	-
Benefit Payments	<u>(116,622)</u>	<u>(104,725)</u>
Net Change in Total OPEB Liability	\$ 27,568	\$ 15,317
Total OPEB Liability - Beginning	<u>1,904,722</u>	<u>1,889,405</u>
Total OPEB Liability - Ending	<u>\$ 1,932,290</u>	<u>\$ 1,904,722</u>
OPEB PLAN FIDUCIARY NET POSITION		
Net Change in OPEB Plan Net Position	\$ -	\$ -
OPEB Plan Net Position - Beginning	<u>-</u>	<u>-</u>
OPEB Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>
City's Net OPEB Plan Liability	<u>\$ 1,932,290</u>	<u>\$ 1,904,722</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered-Employee Payroll	\$ 3,233,572	\$ 2,680,815
Employer's Net OPEB Liability as a Percentage of Covered-Valuation Payroll	59.76%	71.05%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 OTHER POST EMPLOYMENT BENEFIT  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 APRIL 30, 2019

	4/30/2019*	4/30/2018*
Actuarially-Determined Contribution	N/A	N/A
Contributions in relation to Actuarially-Determined Contribution	-	-
Contribution deficiency/(excess)	N/A	N/A
Covered-Employee Payroll	\$ 3,233,572	\$ 2,680,815
Contributions as a percentage of Covered-Employee Payroll	0.00%	0.00%

**Notes to Schedule:**

There is no ADC or employer contribution in relation to ADC, as the total OPEB liabilities are currently an unfunded obligation.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

CITY OF PROSPECT HEIGHTS, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2019

**NOTE I - BUDGET**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for all funds. All annual budgets lapse at fiscal year-end.

The City Administrator is the designated budget officer and is responsible to prepare an annual budget and present it to the City Council for review and passage. The annual budget is prepared by fund, with line-item detail, and includes information on the prior year, current year estimates, and each department's requested budget for the next fiscal year.

The budget process begins in early January with each department preparing its budget requests and submitting them to the City Administrator. The City Administrator then meets with each department to review the department's proposed budget with available funding sources. By late February, the proposed budget is compiled and distributed to the City Council. During March, several budget meetings are held at which the City Council completes an in-depth review of the proposed budget and provides recommended changes. During April, the proposed budget receives tentative approval from the City Council, a public hearing is held, and then the budget is adopted by the City Council in ordinance form. The budget, which by state law also serves as the appropriation ordinance, serves as the legal budget of the City and must be adopted by the City Council prior to May 1. The budget was approved on April 23, 2018.

The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. The budget was not amended during the year ended April 30, 2019.

SUPPLEMENTAL FINANCIAL INFORMATION

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2019

	Motor Fuel Tax Fund	Tourism Fund	DEA Seizure Fund	SWANCC Fund	Special Service Area #1 Fund	Special Service Area #2 Fund	Special Service Area #3 Fund
<b>ASSETS</b>							
Cash and Investments	\$ 1,739,808	\$ 257,627	\$ 522,916	\$ 532,173	\$ 21,301	\$ 59,126	\$ 337,481
Receivables (Net of Allowance for Estimated Uncollectible Amounts)							
Property Taxes	-	-	-	-	-	-	-
Intergovernmental	35,982	-	-	-	-	-	-
Accounts Receivable	-	56,654	-	38,419	-	-	-
Prepaid Items	-	-	-	-	-	-	-
Due from Other Funds	-	(222,868)	(17,307)	(453,295)	(116,081)	(7,500)	-
<b>TOTAL ASSETS</b>	<b>\$ 1,775,790</b>	<b>\$ 91,413</b>	<b>\$ 505,609</b>	<b>\$ 117,297</b>	<b>\$ (94,780)</b>	<b>\$ 51,626</b>	<b>\$ 337,481</b>
<b>LIABILITIES</b>							
Accounts Payable	-	12,429	6,272	-	13,345	22,217	12,283
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 12,429</b>	<b>\$ 6,272</b>	<b>\$ -</b>	<b>\$ 13,345</b>	<b>\$ 22,217</b>	<b>\$ 12,283</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES</b>							
Restricted for:							
Streets and Highways	\$ 1,775,790	-	-	-	-	-	-
Tourism	-	78,984	-	-	-	-	-
Public Safety	-	-	499,337	-	-	-	-
Special Service Area Improvements	-	-	-	-	-	29,409	325,198
Palatine Road Tax Increment Financing	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Committed for:							
Solid Waste Disposal	-	-	-	117,297	-	-	-
Unassigned	-	-	-	-	(108,125)	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,775,790</b>	<b>\$ 78,984</b>	<b>\$ 499,337</b>	<b>\$ 117,297</b>	<b>\$ (108,125)</b>	<b>\$ 29,409</b>	<b>\$ 325,198</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,775,790</b>	<b>\$ 91,413</b>	<b>\$ 505,609</b>	<b>\$ 117,297</b>	<b>\$ (94,780)</b>	<b>\$ 51,626</b>	<b>\$ 337,481</b>

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2019

	Special Service Area #4 Fund	Special Service Area #5 Fund	Special Service Area #6 Debt Fund	Special Service Area #8 Fund	Palatine Road TIF Fund	Palatine / Milwaukee TIF Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 49,256	\$ 116,691	\$ 197,382	\$ 310,109	\$ 489,200	\$ 1,050,763	\$ 5,683,833
Receivables (Net of Allowance for Estimated Uncollectible Amounts)							
Property Taxes	-	19,812	95,550	65,149	81,015	430,174	691,700
Intergovernmental	-	-	-	-	-	-	35,982
Accounts Receivable	-	-	-	-	-	-	95,073
Prepaid Items	-	439	-	658	-	-	1,097
Due from Other Funds	(4,900)	-	-	-	-	-	(821,951)
<b>TOTAL ASSETS</b>	<b>\$ 44,356</b>	<b>\$ 136,942</b>	<b>\$ 292,932</b>	<b>\$ 375,916</b>	<b>\$ 570,215</b>	<b>\$ 1,480,937</b>	<b>\$ 5,685,734</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 15,040	\$ -	\$ -	\$ -	\$ 12,336	\$ 2,401	\$ 96,323
<b>TOTAL LIABILITIES</b>	<b>\$ 15,040</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,336</b>	<b>\$ 2,401</b>	<b>\$ 96,323</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	\$ -	\$ 19,725	\$ 93,761	\$ 64,748	\$ 81,015	\$ 424,590	\$ 683,839
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 19,725</b>	<b>\$ 93,761</b>	<b>\$ 64,748</b>	<b>\$ 81,015</b>	<b>\$ 424,590</b>	<b>\$ 683,839</b>
<b>FUND BALANCES</b>							
Restricted for:							
Streets and Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,775,790
Tourism	-	-	-	-	-	-	78,984
Public Safety	-	-	-	-	-	-	499,337
Special Service Area Improvements	29,316	117,217	-	311,168	-	-	812,308
Palatine Road Tax Increment Financing	-	-	-	-	476,864	-	476,864
Debt Service	-	-	199,171	-	-	1,053,946	1,253,117
Committed for:							
Solid Waste Disposal	-	-	-	-	-	-	117,297
Unassigned	-	-	-	-	-	-	(108,125)
<b>TOTAL FUND BALANCES</b>	<b>\$ 29,316</b>	<b>\$ 117,217</b>	<b>\$ 199,171</b>	<b>\$ 311,168</b>	<b>\$ 476,864</b>	<b>\$ 1,053,946</b>	<b>\$ 4,905,572</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 44,356</b>	<b>\$ 136,942</b>	<b>\$ 292,932</b>	<b>\$ 375,916</b>	<b>\$ 570,215</b>	<b>\$ 1,480,937</b>	<b>\$ 5,685,734</b>

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2019

	Motor Fuel Tax Fund	Tourism Fund	DEA Seizure Fund	SWANCC Fund	Special Service Area #1 Fund	Special Service Area #2 Fund	Special Service Area #3 Fund
<b>REVENUES</b>							
Local Taxes	\$ -	\$ 791,836	\$ -	\$ -	\$ 97	\$ -	\$ 109
Intergovernmental	412,653	-	21,067	-	-	-	-
Charges for Services	-	-	-	466,069	-	-	-
Investment Income	33,467	1,193	2,645	2,261	96	267	1,517
Miscellaneous Income	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 446,120</b>	<b>\$ 793,029</b>	<b>\$ 23,712</b>	<b>\$ 468,330</b>	<b>\$ 193</b>	<b>\$ 267</b>	<b>\$ 1,626</b>
<b>EXPENDITURES</b>							
Current							
General Government	\$ -	\$ 461,406	\$ -	\$ 452,841	\$ -	\$ -	\$ -
Public Safety	-	-	16,536	-	-	-	-
Public Works	-	-	-	-	-	7,500	-
Capital Outlay	-	-	65,493	-	-	-	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 461,406</b>	<b>\$ 82,029</b>	<b>\$ 452,841</b>	<b>\$ -</b>	<b>\$ 7,500</b>	<b>\$ -</b>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 446,120</b>	<b>\$ 331,623</b>	<b>\$ (58,317)</b>	<b>\$ 15,489</b>	<b>\$ 193</b>	<b>\$ (7,233)</b>	<b>\$ 1,626</b>
<b>OTHER FINANCING SOURCES/(USES)</b>							
Transfers	-	(588,650)	(17,307)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 446,120</b>	<b>\$ (257,027)</b>	<b>\$ (75,624)</b>	<b>\$ 15,489</b>	<b>\$ 193</b>	<b>\$ (7,233)</b>	<b>\$ 1,626</b>
<b>FUND BALANCES - MAY 1, 2018</b>	<b>1,329,670</b>	<b>336,011</b>	<b>574,961</b>	<b>101,808</b>	<b>(108,318)</b>	<b>36,642</b>	<b>323,572</b>
<b>FUND BALANCES - APRIL 30, 2019</b>	<b>\$ 1,775,790</b>	<b>\$ 78,984</b>	<b>\$ 499,337</b>	<b>\$ 117,297</b>	<b>\$ (108,125)</b>	<b>\$ 29,409</b>	<b>\$ 325,198</b>

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2019

	Special Service Area #4 Fund	Special Service Area #5 Fund	Special Service Area #6 Debt Fund	Special Service Area #8 Fund	Palatine Road TIF Fund	Palatine / Milwaukee TIF Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>							
Local Taxes	\$ -	\$ 7,280	\$ 241,843	\$ 73,818	\$ 71,843	\$ 1,011,632	\$ 2,198,458
Intergovernmental	-	-	-	-	-	-	433,720
Charges for Services	-	-	-	-	-	-	466,069
Investment Income	224	526	803	1,360	528	2,770	47,657
Miscellaneous Income	-	-	5,835	-	-	64	5,899
<b>Total Revenues</b>	<b>\$ 224</b>	<b>\$ 7,806</b>	<b>\$ 248,481</b>	<b>\$ 75,178</b>	<b>\$ 72,371</b>	<b>\$ 1,014,466</b>	<b>\$ 3,151,803</b>
<b>EXPENDITURES</b>							
Current							
General Government	\$ -	\$ -	\$ -	\$ -	\$ 18,649	\$ 8,485	\$ 941,381
Public Safety	-	-	-	-	-	-	16,536
Public Works	4,900	4,941	-	1,489	-	-	18,830
Capital Outlay	-	-	-	328	-	9,287	75,108
Debt Service							
Principal	-	-	125,000	-	-	-	125,000
Interest	-	-	112,143	-	-	-	112,143
<b>Total Expenditures</b>	<b>\$ 4,900</b>	<b>\$ 4,941</b>	<b>\$ 237,143</b>	<b>\$ 1,817</b>	<b>\$ 18,649</b>	<b>\$ 17,772</b>	<b>\$ 1,288,998</b>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (4,676)</b>	<b>\$ 2,865</b>	<b>\$ 11,338</b>	<b>\$ 73,361</b>	<b>\$ 53,722</b>	<b>\$ 996,694</b>	<b>\$ 1,862,805</b>
<b>OTHER FINANCING SOURCES/(USES)</b>							
Transfers	-	-	-	-	-	-	(605,957)
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (4,676)</b>	<b>\$ 2,865</b>	<b>\$ 11,338</b>	<b>\$ 73,361</b>	<b>\$ 53,722</b>	<b>\$ 996,694</b>	<b>\$ 1,256,848</b>
<b>FUND BALANCES - MAY 1, 2018</b>	<b>33,992</b>	<b>114,352</b>	<b>187,833</b>	<b>237,807</b>	<b>423,142</b>	<b>57,252</b>	<b>3,648,724</b>
<b>FUND BALANCES - APRIL 30, 2019</b>	<b>\$ 29,316</b>	<b>\$ 117,217</b>	<b>\$ 199,171</b>	<b>\$ 311,168</b>	<b>\$ 476,864</b>	<b>\$ 1,053,946</b>	<b>\$ 4,905,572</b>

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MAJOR CAPITAL PROJECTS FUND - DEVELOPMENT  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment Income	<u>\$ -</u>	<u>\$ (191,855)</u>	<u>\$ (191,855)</u>
EXPENDITURES			
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (191,855)	\$ (191,855)
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (191,855)</u>	<u>\$ (191,855)</u>
FUND BALANCE - MAY 1, 2018		<u>(1,667,358)</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ (1,859,213)</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MAJOR CAPITAL PROJECTS FUND - CAPITAL PROJECTS  
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	\$ 2,253,749	\$ 1,705,995	\$ (547,754)
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,253,749)	\$ (1,705,995)	\$ 547,754
OTHER FINANCING SOURCES/(USES)			
Transfers	-	300,000	300,000
NET CHANGE IN FUND BALANCE	<u>\$ (2,253,749)</u>	<u>\$ (1,405,995)</u>	<u>\$ 847,754</u>
FUND BALANCE - MAY 1, 2018		<u>7,650,743</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 6,244,748</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MAJOR DEBT SERVICE FUND - ROAD CONSTRUCTION DEBT  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property Taxes	\$ 1,298,705	\$ 1,320,548	\$ 21,843
Investment Income	2,500	5,419	2,919
Total Revenues	<u>\$ 1,301,205</u>	<u>\$ 1,325,967</u>	<u>\$ 24,762</u>
EXPENDITURES			
General Government			
Professional Services	\$ 1,500	\$ 1,498	\$ (2)
Service Charges and Fees	850	2,000	1,150
Total General Government	<u>\$ 2,350</u>	<u>\$ 3,498</u>	<u>\$ 1,148</u>
Debt Service			
Principal	\$ 1,020,000	\$ 1,020,000	\$ -
Interest	278,785	278,785	-
Total Debt Service	<u>\$ 1,298,785</u>	<u>\$ 1,298,785</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 1,301,135</u>	<u>\$ 1,302,283</u>	<u>\$ 1,148</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 70	\$ 23,684	\$ 23,614
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 70</u>	\$ 23,684	<u>\$ 23,614</u>
FUND BALANCE - MAY 1, 2018		<u>863,923</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 887,607</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUND - MOTOR FUEL TAX  
 FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Motor Fuel Tax	\$ 415,000	\$ 412,653	\$ (2,347)
Investment Income	5,000	33,467	28,467
Total Revenues	<u>\$ 420,000</u>	<u>\$ 446,120</u>	<u>\$ 26,120</u>
<b>EXPENDITURES</b>			
Public Works			
Maintenance Supplies	\$ 50,000	\$ -	\$ (50,000)
Total Public Works	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>
Total Expenditures	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 370,000	\$ 446,120	\$ 76,120
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 370,000</u>	\$ 446,120	<u>\$ 76,120</u>
FUND BALANCE - MAY 1, 2018		<u>1,329,670</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 1,775,790</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND - TOURISM DISTRICT  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Hotel	\$ 845,000	\$ 791,836	\$ (53,164)
Investment Income	125	1,193	1,068
Total Revenues	<u>\$ 845,125</u>	<u>\$ 793,029</u>	<u>\$ (52,096)</u>
EXPENDITURES			
General Government			
Administration			
Professional Services	\$ 106,500	\$ 72,469	\$ (34,031)
Professional Development	63,000	55,620	(7,380)
Service Charges and Fees	70,000	70,000	-
Other Expenditures	288,650	263,317	(25,333)
Total Expenditures	<u>\$ 528,150</u>	<u>\$ 461,406</u>	<u>\$ (66,744)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 316,975	\$ 331,623	\$ 14,648
OTHER FINANCING SOURCES (USES)			
Transfers	<u>(288,650)</u>	<u>(588,650)</u>	<u>300,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 28,325</u>	\$ (257,027)	<u>\$ (285,352)</u>
FUND BALANCE - MAY 1, 2018		<u>336,011</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 78,984</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND - DEA SEIZURE  
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 21,067	\$ 21,067
Investment Income	-	2,645	2,645
Total Revenues	<u>\$ -</u>	<u>\$ 23,712</u>	<u>\$ 23,712</u>
<b>EXPENDITURES</b>			
Public Safety			
Salaries			
Professional Services	\$ 10,000	\$ -	\$ (10,000)
Professional Development	8,500	659	(7,841)
Maintenance Supplies	50,000	6,495	(43,505)
General Supplies	9,000	9,382	382
Total Public Safety	<u>\$ 77,500</u>	<u>\$ 16,536</u>	<u>\$ (60,964)</u>
Capital Outlay			
Capital Outlay	<u>\$ 60,000</u>	<u>\$ 65,493</u>	<u>\$ 5,493</u>
Total Expenditures	<u>\$ 137,500</u>	<u>\$ 82,029</u>	<u>\$ (55,471)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (137,500)	\$ (58,317)	\$ 79,183
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers	<u>-</u>	<u>(17,307)</u>	<u>(17,307)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (137,500)</u>	\$ (75,624)	<u>\$ 61,876</u>
FUND BALANCE - MAY 1, 2018		<u>574,961</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 499,337</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND - SWANCC  
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for Services	\$ 475,000	\$ 466,069	\$ (8,931)
Investment Income	2,500	2,261	(239)
Total Revenues	\$ 477,500	\$ 468,330	\$ (9,170)
EXPENDITURES			
General Government			
Administration			
Service Charges and Fees	\$ 450,726	\$ 452,841	\$ 2,115
Total General Government	\$ 450,726	\$ 452,841	\$ 2,115
Total Expenditures	\$ 450,726	\$ 452,841	\$ 2,115
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 26,774	\$ 15,489	\$ (11,285)
OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	\$ 26,774	\$ 15,489	\$ (11,285)
FUND BALANCE - MAY 1, 2018		101,808	
FUND BALANCE - APRIL 30, 2019		\$ 117,297	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUND - SPECIAL SERVICE AREA #1  
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property Taxes	\$ -	\$ 97	\$ 97
Investment Income	-	96	96
Total Revenues	<u>\$ -</u>	<u>\$ 193</u>	<u>\$ 193</u>
 EXPENDITURES			
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ -	 \$ 193	 \$ 193
 OTHER FINANCING SOURCES (USES)	 <u>                    </u>	 <u>                    </u>	 <u>                    </u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 193</u>	<u>\$ 193</u>
 FUND BALANCE - MAY 1, 2018		<u>(108,318)</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ (108,125)</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUND - SPECIAL SERVICE AREA #2  
 FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Income	\$ -	\$ 267	\$ 267
Total Revenues	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 267</u>
EXPENDITURES			
Public Works			
Professional Services	\$ 38,153	\$ 7,500	\$ (30,653)
Total Public Works	<u>\$ 38,153</u>	<u>\$ 7,500</u>	<u>\$ (30,653)</u>
Total Expenditures	<u>\$ 38,153</u>	<u>\$ 7,500</u>	<u>\$ (30,653)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (38,153)	\$ (7,233)	\$ 30,920
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (38,153)</u>	\$ (7,233)	<u>\$ 30,920</u>
FUND BALANCE - MAY 1, 2018		<u>36,642</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 29,409</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUND - SPECIAL SERVICE AREA #3  
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property Taxes	\$ -	\$ 109	\$ 109
Investment Income	-	1,517	1,517
Total Revenues	<u>\$ -</u>	<u>\$ 1,626</u>	<u>\$ 1,626</u>
EXPENDITURES			
Public Works			
Professional Services	\$ 328,265	\$ -	\$ (328,265)
Total Public Works	<u>\$ 328,265</u>	<u>\$ -</u>	<u>\$ (328,265)</u>
Total Expenditures	<u>\$ 328,265</u>	<u>\$ -</u>	<u>\$ (328,265)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (328,265)	\$ 1,626	\$ 329,891
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (328,265)</u>	\$ 1,626	<u>\$ 329,891</u>
FUND BALANCE - MAY 1, 2018		<u>323,572</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 325,198</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUND - SPECIAL SERVICE AREA #4  
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment Income	\$ -	\$ 224	\$ 224
Total Revenues	<u>\$ -</u>	<u>\$ 224</u>	<u>\$ 224</u>
EXPENDITURES			
Public Works			
Professional Services	\$ 36,719	\$ 4,900	\$ (31,819)
Total Public Works	<u>\$ 36,719</u>	<u>\$ 4,900</u>	<u>\$ (31,819)</u>
Total Expenditures	<u>\$ 36,719</u>	<u>\$ 4,900</u>	<u>\$ (31,819)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (36,719)	\$ (4,676)	\$ 32,043
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (36,719)</u>	\$ (4,676)	<u>\$ 32,043</u>
FUND BALANCE - MAY 1, 2018		<u>33,992</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 29,316</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND - SPECIAL SERVICE AREA #5  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property Taxes	\$ 25,000	\$ 7,280	\$ (17,720)
Investment Income	275	526	251
Total Revenues	<u>\$ 25,275</u>	<u>\$ 7,806</u>	<u>\$ (17,469)</u>
EXPENDITURES			
Public Works			
Maintenance Services	\$ 9,000	\$ 3,619	\$ (5,381)
Professional Services	25,000	570	(24,430)
Other Contractual Services	-	752	752
Total Public Works	<u>\$ 34,000</u>	<u>\$ 4,941</u>	<u>\$ (29,059)</u>
Total Expenditures	<u>\$ 34,000</u>	<u>\$ 4,941</u>	<u>\$ (29,059)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (8,725)	\$ 2,865	\$ 11,590
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (8,725)</u>	\$ 2,865	<u>\$ 11,590</u>
FUND BALANCE - MAY 1, 2018		<u>114,352</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 117,217</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR DEBT SERVICE FUND - SPECIAL SERVICE AREA #6 DEBT  
 FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget
REVENUES			
Property Taxes	\$ 237,142	\$ 241,843	\$ 4,701
Investment Income	500	803	303
Miscellaneous Income	-	5,835	5,835
Total Revenues	<u>\$ 237,642</u>	<u>\$ 248,481</u>	<u>\$ 10,839</u>
EXPENDITURES			
Debt Service			
Principal	\$ 125,000	\$ 125,000	\$ -
Interest	112,142	112,143	1
Total Debt Service	<u>\$ 237,142</u>	<u>\$ 237,143</u>	<u>\$ 1</u>
Total Expenditures	<u>\$ 237,142</u>	<u>\$ 237,143</u>	<u>\$ 1</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 500	\$ 11,338	\$ 10,838
OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 500</u>	\$ 11,338	<u>\$ 10,838</u>
FUND BALANCE - MAY 1, 2018		<u>187,833</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 199,171</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND - SPECIAL SERVICE AREA #8  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property Taxes	\$ 125,161	\$ 73,818	\$ (51,343)
Investment Income	750	1,360	610
Total Revenues	<u>\$ 125,911</u>	<u>\$ 75,178</u>	<u>\$ (50,733)</u>
EXPENDITURES			
Public Works			
Professional Services	\$ 23,000	\$ 363	\$ (22,637)
Other Contractual Services	-	1,126	1,126
Total Public Works	<u>\$ 23,000</u>	<u>\$ 1,489</u>	<u>\$ (21,511)</u>
Capital Outlay			
Capital Outlay	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 328</u>
Debt Service			
Principal	\$ 100,000	\$ -	\$ (100,000)
Interest	2,000	-	(2,000)
Total Debt Service	<u>\$ 102,000</u>	<u>\$ -</u>	<u>\$ (102,000)</u>
Total Expenditures	<u>\$ 125,000</u>	<u>\$ 1,817</u>	<u>\$ (123,183)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 911	\$ 73,361	\$ 72,450
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 911</u>	\$ 73,361	<u>\$ 72,450</u>
FUND BALANCE - MAY 1, 2018		<u>237,807</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 311,168</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUND - PALATINE ROAD TIF  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property Taxes	\$ 150,000	\$ 71,843	\$ (78,157)
Investment Income	100	528	428
Total Revenues	<u>\$ 150,100</u>	<u>\$ 72,371</u>	<u>\$ (77,729)</u>
EXPENDITURES			
General Government			
Professional Services	\$ 1,500	\$ 18,649	\$ 17,149
Total General Government	<u>\$ 1,500</u>	<u>\$ 18,649</u>	<u>\$ 17,149</u>
Capital Outlay	<u>\$ 288,625</u>	<u>\$ -</u>	<u>\$ (288,625)</u>
Total Expenditures	<u>\$ 290,125</u>	<u>\$ 18,649</u>	<u>\$ (271,476)</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (140,025)	\$ 53,722	\$ 193,747
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (140,025)</u>	\$ 53,722	<u>\$ 193,747</u>
FUND BALANCE - MAY 1, 2018		<u>423,142</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 476,864</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
NONMAJOR DEBT SERVICE FUND - PALATINE/MILWAUKEE TIF  
FOR THE YEAR ENDED APRIL 30, 2019

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 670,000	\$ 1,011,632	\$ 341,632
Investment Income	-	2,770	2,770
Miscellaneous Income	-	64	64
Total Revenues	<u>\$ 670,000</u>	<u>\$ 1,014,466</u>	<u>\$ 344,466</u>
<b>EXPENDITURES</b>			
General Government			
Professional Services	\$ 1,500	\$ 8,261	\$ 6,761
Service Charges and Fees	750	-	(750)
General Supplies	-	224	224
Total General Government	<u>\$ 2,250</u>	<u>\$ 8,485</u>	<u>\$ 6,235</u>
Capital Outlay	<u>\$ -</u>	<u>\$ 9,287</u>	<u>\$ 9,287</u>
Total Expenditures	<u>\$ 2,250</u>	<u>\$ 17,772</u>	<u>\$ 15,522</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 667,750	\$ 996,694	\$ 328,944
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 667,750</u>	\$ 996,694	<u>\$ 328,944</u>
FUND BALANCE - MAY 1, 2018		<u>57,252</u>	
FUND BALANCE - APRIL 30, 2019		<u>\$ 1,053,946</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - BUDGET AND ACTUAL  
NONMAJOR ENTERPRISE FUND - PARKING  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 64,000	\$ 63,338	\$ (662)
Total Operating Revenues	<u>\$ 64,000</u>	<u>\$ 63,338</u>	<u>\$ (662)</u>
<b>OPERATING EXPENSES</b>			
Operations and Maintenance			
Wages and Benefits	\$ 45,000	\$ 45,000	\$ -
Professional Services	10,200	1,350	(8,850)
Service Charges and Fees	9,500	6,648	(2,852)
Other Contractual Services	26,300	30,011	3,711
Maintenance Supplies	1,200	851	(349)
General Supplies	2,000	632	(1,368)
Other	250	-	(250)
Total Operations and Maintenance	<u>\$ 94,450</u>	<u>\$ 84,492</u>	<u>\$ (9,958)</u>
Depreciation Expense	<u>\$ 32,000</u>	<u>\$ 32,136</u>	<u>\$ 136</u>
Total Operating Expenses	<u>\$ 126,450</u>	<u>\$ 116,628</u>	<u>\$ (9,822)</u>
Operating Income	\$ (62,450)	\$ (53,290)	\$ 9,160
<b>NON-OPERATING REVENUE/(EXPENSE)</b>			
Investment Income	<u>-</u>	<u>-</u>	<u>-</u>
INCOME/(LOSS) BEFORE TRANSFERS	\$ (62,450)	\$ (53,290)	\$ 9,160
TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ (62,450)</u>	<u>\$ (53,290)</u>	<u>\$ 9,160</u>
NET POSITION - MAY 1, 2018		<u>193,611</u>	
NET POSITION - APRIL 30, 2019		<u>\$ 140,321</u>	

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
 GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2008  
 APRIL 30, 2019

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Date of Contract: March 25, 2008  
 Date of Maturity: December 15, 2023  
 Amount of Contract: \$2,045,000  
 Interest Rates: 4.327%  
 Interest Dates: June 15 and December 15  
 Payable to: Bank of America, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal year	Principal	Interest	Total
2020	\$ 150,000	\$ 35,698	\$ 185,698
2021	160,000	29,207	189,207
2022	165,000	22,284	187,284
2023	170,000	15,145	185,145
2024	180,000	7,789	187,789
TOTAL	<u>\$ 825,000</u>	<u>\$ 110,123</u>	<u>\$ 935,123</u>

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
 GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2010  
 APRIL 30, 2019

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Date of Contract: July 1, 2010  
 Date of Maturity: December 15, 2024  
 Amount of Contract: \$800,000  
 Interest Rates: 4.00% to 5.20%  
 Interest Dates: June 15 and December 15  
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal year	Principal	Interest	Total
2020	\$ 60,000	\$ 18,910	\$ 78,910
2021	60,000	16,390	76,390
2022	65,000	13,750	78,750
2023	70,000	10,760	80,760
2024	70,000	7,400	77,400
2025	75,000	3,900	78,900
TOTAL	<u>\$ 400,000</u>	<u>\$ 71,110</u>	<u>\$ 471,110</u>

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CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
 GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2011A  
 APRIL 30, 2019

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Date of Contract: June 29, 2011  
 Date of Maturity: December 15, 2026  
 Amount of Contract: \$5,000,000  
 Interest Rates: 2.5% to 4.0%  
 Interest Dates: June 15 and December 15  
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal year	Principal	Interest	Total
2020	\$ 325,000	\$ 119,475	\$ 444,475
2021	340,000	108,100	448,100
2022	355,000	96,200	451,200
2023	370,000	82,000	452,000
2024	390,000	67,200	457,200
2025	410,000	51,600	461,600
2026	430,000	35,200	465,200
2027	450,000	18,000	468,000
TOTAL	<u>\$ 3,070,000</u>	<u>\$ 577,775</u>	<u>\$ 3,647,775</u>

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
 GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2012  
 APRIL 30, 2019

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Date of Contract: February 28, 2012  
 Date of Maturity: December 15, 2026  
 Amount of Contract: \$5,000,000  
 Interest Rates: 2.0% to 2.5%  
 Interest Dates: June 15 and December 15  
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal year	Principal	Interest	Total
2020	\$ 345,000	\$ 67,928	\$ 412,928
2021	355,000	61,028	416,028
2022	365,000	53,928	418,928
2023	375,000	46,628	421,628
2024	390,000	39,128	429,128
2025	405,000	30,353	435,353
2026	415,000	20,835	435,835
2027	435,000	10,875	445,875
TOTAL	<u>\$ 3,085,000</u>	<u>\$ 330,703</u>	<u>\$ 3,415,703</u>

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
 GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2013  
 APRIL 30, 2019

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Date of Contract: April 16, 2013  
 Date of Maturity: December 15, 2026  
 Amount of Contract: \$5,000,000  
 Interest Rates: 2.0% to 2.35%  
 Interest Dates: June 15 and December 15  
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal year	Principal	Interest	Total
2020	\$ 380,000	\$ 67,833	\$ 447,833
2021	385,000	60,232	445,232
2022	390,000	52,532	442,532
2023	400,000	44,732	444,732
2024	410,000	36,733	446,733
2025	420,000	28,534	448,534
2026	430,000	20,134	450,134
2027	445,000	10,459	455,459
TOTAL	<u>\$ 3,260,000</u>	<u>\$ 321,189</u>	<u>\$ 3,581,189</u>

See Accompanying Independent Auditor's Report

CITY OF PROSPECT HEIGHTS, ILLINOIS  
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
 SPECIAL SERVICE AREA #6 REFUNDING BONDS SERIES 2018  
 APRIL 30, 2019

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Date of Contract: September 27, 2018  
 Date of Maturity: December 15, 2028  
 Amount of Contract: \$1,820,000  
 Interest Rates: 2.0% - 3.5%  
 Interest Dates: June 15 and December 15  
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal year	Principal	Interest	Total
2020	\$ 150,000	\$ 67,513	\$ 217,513
2021	160,000	52,490	212,490
2022	170,000	48,570	218,570
2023	175,000	43,895	218,895
2024	180,000	38,733	218,733
2025	185,000	33,242	218,242
2026	190,000	27,322	217,322
2027	195,000	21,052	216,052
2028	205,000	14,423	219,423
2029	210,000	7,350	217,350
TOTAL	<u>\$ 1,820,000</u>	<u>\$ 354,590</u>	<u>\$ 2,174,590</u>

See Accompanying Independent Auditor's Report

STATISTICAL SECTION

**City of Prospect Heights**

SCHEDULE OF NET POSITION  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,930,723	\$ 18,303,531	\$ 18,110,058	\$ 17,523,954	\$ 16,150,710	\$ 14,535,816	\$ 15,382,392	\$ 16,599,408	\$ 16,968,210	\$ 17,505,641
Restricted	5,851,418	4,578,961	3,039,842	2,391,930	3,764,297	4,916,572	4,479,708	5,597,845	6,346,248	6,274,195
Unrestricted	<u>47,827,839</u>	<u>49,295,498</u>	<u>49,316,897</u>	<u>48,059,501</u>	<u>54,085,418</u>	<u>6,085,044</u>	<u>2,714,558</u>	<u>(620,976)</u>	<u>(4,487,178)</u>	<u>(3,673,566)</u>
<b>Total governmental activities net position</b>	<b><u>\$ 73,609,980</u></b>	<b><u>\$ 72,177,990</u></b>	<b><u>\$ 70,466,797</u></b>	<b><u>\$ 67,975,385</u></b>	<b><u>\$ 74,000,425</u></b>	<b><u>\$ 25,537,432</u></b>	<b><u>\$ 22,576,658</u></b>	<b><u>\$ 21,576,277</u></b>	<b><u>\$ 18,827,280</u></b>	<b><u>\$ 20,106,270</u></b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 3,483,275	\$ 3,480,418	\$ 3,567,935	\$ 3,668,729	\$ 3,716,285	\$ 3,816,254	\$ 3,916,223	\$ 4,009,527	\$ 4,016,858	\$ 3,828,488
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>2,908,562</u>	<u>2,182,272</u>	<u>1,661,730</u>	<u>1,591,601</u>	<u>1,382,414</u>	<u>47,901,097</u>	<u>48,245,908</u>	<u>47,992,223</u>	<u>47,716,056</u>	<u>47,750,069</u>
<b>Total business-type activities net position</b>	<b><u>\$ 6,391,837</u></b>	<b><u>\$ 5,662,690</u></b>	<b><u>\$ 5,229,665</u></b>	<b><u>\$ 5,260,330</u></b>	<b><u>\$ 5,098,699</u></b>	<b><u>\$ 51,717,351</u></b>	<b><u>\$ 52,162,131</u></b>	<b><u>\$ 52,001,750</u></b>	<b><u>\$ 51,732,914</u></b>	<b><u>\$ 51,578,557</u></b>
<b>Total City</b>										
Net investment in capital assets	\$ 23,413,998	\$ 21,783,949	\$ 21,677,993	\$ 21,192,683	\$ 19,866,995	\$ 18,352,070	\$ 192,298,615	\$ 20,608,935	\$ 20,985,068	\$ 21,334,129
Restricted	5,851,418	4,578,961	3,039,842	2,391,930	3,764,297	4,916,572	4,479,708	5,597,845	6,346,248	6,274,195
Unrestricted	<u>50,736,401</u>	<u>51,477,770</u>	<u>50,978,627</u>	<u>49,651,102</u>	<u>55,467,832</u>	<u>53,986,141</u>	<u>50,960,466</u>	<u>47,371,247</u>	<u>43,228,878</u>	<u>44,076,503</u>
<b>Total City net position</b>	<b><u>\$ 80,001,817</u></b>	<b><u>\$ 77,840,680</u></b>	<b><u>\$ 75,696,462</u></b>	<b><u>\$ 73,235,715</u></b>	<b><u>\$ 79,099,124</u></b>	<b><u>\$ 77,254,783</u></b>	<b><u>\$ 247,738,789</u></b>	<b><u>\$ 73,578,027</u></b>	<b><u>\$ 70,560,194</u></b>	<b><u>\$ 71,684,827</u></b>

Note: The City used the cash basis of accounting for fiscal years 2001-2007. In fiscal year 2008, the City changed to the modified accrual basis of accounting. In FY2014-15 the City's net position for Governmental Activities and Business-Type activities has been restated to correct an error. The City had previously reported its investment in joint venture (Chicago Executive Airport) as a separate proprietary fund instead of an asset in governmental activities. \*GASB No. 46 (effective for periods beginning after June 15, 2005) requires governments to disclose the portion of net position that is restricted for enabling legislation.

Data Source  
The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

SCHEDULE OF CHANGES IN NET POSITION  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>EXPENSES</b>										
<b>GOVERNMENTAL ACTIVITIES:</b>										
General Government	\$ 3,513,914	\$ 3,433,291	\$ 2,861,594	\$ 3,378,267	\$ 3,308,818	\$ 3,015,194	\$ 2,827,609	\$ 2,412,558	\$ 2,860,587	\$ 3,030,035
Public Safety	5,164,772	5,627,109	5,317,950	4,903,945	4,638,103	4,353,155	4,357,277	2,963,020	4,078,228	4,363,453
Public Works	2,175,072	2,162,147	1,979,107	2,359,857	2,464,382	2,206,406	2,029,365	1,945,801	1,710,818	2,105,904
Interest on long-term debt	421,297	546,271	527,668	663,219	796,754	1,097,241	803,325	895,818	674,241	742,318
Joint Venture Airport	870,117	549,037	65,299	661,580	360,206	-	-	-	-	-
Total governmental activities expenses	<u>\$ 12,145,172</u>	<u>\$ 12,317,855</u>	<u>\$ 10,751,618</u>	<u>\$ 11,966,868</u>	<u>\$ 11,568,263</u>	<u>\$ 10,671,996</u>	<u>\$ 10,017,576</u>	<u>\$ 8,217,197</u>	<u>\$ 9,323,874</u>	<u>\$ 10,241,710</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Water	\$ 690,868	\$ 644,927	\$ 619,237	\$ 589,212	\$ 592,541	\$ 634,627	\$ 650,693	\$ 600,174	\$ 1,287,921	\$ 510,322
Sewer	286,057	95,557	81,023	39,291	-	-	-	-	-	-
Airport	-	-	-	-	-	365,947	-	-	266,657	-
Parking	116,628	78,037	54,868	70,471	67,552	83,334	60,603	48,259	64,618	75,231
Total business-type activities expenses	<u>\$ 1,093,553</u>	<u>\$ 818,521</u>	<u>\$ 755,128</u>	<u>\$ 698,974</u>	<u>\$ 660,093</u>	<u>\$ 1,083,908</u>	<u>\$ 711,296</u>	<u>\$ 648,433</u>	<u>\$ 1,619,196</u>	<u>\$ 585,553</u>
Total City expense	<u>\$ 13,238,725</u>	<u>\$ 13,136,376</u>	<u>\$ 11,506,746</u>	<u>\$ 12,665,842</u>	<u>\$ 12,228,356</u>	<u>\$ 11,755,904</u>	<u>\$ 10,728,872</u>	<u>\$ 8,865,630</u>	<u>\$ 10,943,070</u>	<u>\$ 10,827,263</u>
<b>PROGRAM REVENUES</b>										
<b>GOVERNMENTAL ACTIVITIES:</b>										
<b>CHARGES FOR SERVICES:</b>										
General Government	\$ 2,125,658	\$ 1,564,725	\$ 2,290,522	\$ 2,420,438	\$ 2,182,833	\$ 2,364,357	\$ 2,126,829	\$ 2,047,787	\$ 1,908,177	\$ 1,884,664
Public Safety	755,243	1,008,724	836,534	855,480	803,173	886,793	505,526	301,287	389,228	455,974
Public Works	466,069	467,470	-	-	-	-	-	-	-	-
Operating grants and contributions	237,996	1,264,463	1,088,026	683,539	981,268	1,087,223	800,285	1,175,743	988,568	680,383
Capital grants and contributions	-	-	-	-	-	325,000	-	-	2,373	18,551
Total governmental activities program revenues	<u>\$ 3,584,966</u>	<u>\$ 4,305,382</u>	<u>\$ 4,215,082</u>	<u>\$ 3,959,457</u>	<u>\$ 3,967,274</u>	<u>\$ 4,663,373</u>	<u>\$ 3,432,640</u>	<u>\$ 3,524,817</u>	<u>\$ 3,288,346</u>	<u>\$ 3,039,572</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Charges for Services - Water	\$ 904,744	\$ 834,767	\$ 822,739	\$ 792,795	\$ 770,827	\$ 780,288	\$ 795,663	\$ 710,576	\$ 761,883	\$ 588,885
Charges for Services - Parking	817,775	63,013	65,835	88,231	69,066	65,749	55,588	58,038	53,375	42,991
Charges for Services - Sewer	63,337	800,312	256,813	316,027	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	288,502	253,987	955,781	902,590
Total business-type activities program revenues	<u>\$ 1,785,856</u>	<u>\$ 1,698,092</u>	<u>\$ 1,145,387</u>	<u>\$ 1,197,053</u>	<u>\$ 839,893</u>	<u>\$ 846,037</u>	<u>\$ 1,139,753</u>	<u>\$ 1,022,601</u>	<u>\$ 1,771,039</u>	<u>\$ 1,534,466</u>
Total City program revenues	<u>\$ 5,370,822</u>	<u>\$ 6,003,474</u>	<u>\$ 5,360,469</u>	<u>\$ 5,156,510</u>	<u>\$ 4,807,167</u>	<u>\$ 5,509,410</u>	<u>\$ 4,572,393</u>	<u>\$ 4,547,418</u>	<u>\$ 5,059,385</u>	<u>\$ 4,574,038</u>
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$ (8,560,206)	\$ (7,463,436)	\$ (6,471,237)	\$ (7,345,831)	\$ (7,240,783)	\$ (6,008,623)	\$ (6,584,936)	\$ (4,692,380)	\$ (6,035,528)	\$ (7,202,138)
Business-type activities	<u>692,303</u>	<u>879,571</u>	<u>390,259</u>	<u>498,079</u>	<u>179,800</u>	<u>(237,871)</u>	<u>428,457</u>	<u>374,168</u>	<u>151,843</u>	<u>948,913</u>
Total government net expense	<u>\$ (7,867,903)</u>	<u>\$ (6,583,865)</u>	<u>\$ (6,080,978)</u>	<u>\$ (6,847,752)</u>	<u>\$ (7,060,983)</u>	<u>\$ (6,246,494)</u>	<u>\$ (6,156,479)</u>	<u>\$ (4,318,212)</u>	<u>\$ (5,883,685)</u>	<u>\$ (6,253,225)</u>

(continued)

**City of Prospect Heights**

SCHEDULE OF CHANGES IN NET POSITION  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
<b>GOVERNMENTAL ACTIVITIES:</b>										
Taxes										
Property Taxes	\$ 3,103,154	\$ 3,863,343	\$ 2,606,246	\$ 2,840,100	\$ 3,160,113	\$ 2,853,719	\$ 2,121,669	\$ 1,773,580	\$ 1,765,557	\$ 2,100,769
Local Sales and local use	800,765	665,197	693,918	377,196	445,284	568,819	540,258	547,969	466,376	282,990
Utility	819,355	873,443	911,263	918,980	1,059,104	1,135,095	1,142,928	1,228,521	1,214,510	1,289,898
Hotel occupancy tax	791,836	827,607	849,495	811,689	776,817	757,813	745,932	678,815	556,317	474,657
Places for eating tax	318,704	318,595	326,929	306,113	302,612	301,808	272,726	247,236	233,943	234,626
Other	859,522	835,152	380,978	241,802	177,164	145,210	83,521	13,037	33,272	39,904
Intergovernmental										
Income Tax	1,681,769	1,479,199	1,532,543	1,662,974	1,637,723	1,552,422	1,538,101	1,377,307	1,321,848	1,317,403
State Sales Tax	1,405,229	1,121,542	981,646	828,941	924,209	822,982	734,219	712,340	768,926	836,740
Other	113,182	197,279	189,323	157,582	138,920	527,304	2,491	3,504	2,871	1,606
Investment earnings	62,058	125,859	42,524	27,546	(166,558)	30,600	18,295	7,857	9,660	10,126
Insurance proceeds	-	-	-	-	-	-	-	524,837	-	-
Miscellaneous	36,622	78,241	87,083	127,295	228,725	63,423	113,280	191,679	188,606	839,343
Adjustment to land held for resale/Gain on Disposal	-	534,500	-	-	577,432	-	-	-	(1,816,589)	-
Transfers	-	470,000	426,000	283,420	218,000	210,202	271,897	134,695	11,241	11,845
<b>Total governmental activities</b>	<b>\$ 9,992,196</b>	<b>\$ 11,389,957</b>	<b>\$ 9,027,948</b>	<b>\$ 8,583,638</b>	<b>\$ 9,479,545</b>	<b>\$ 8,969,397</b>	<b>\$ 7,585,317</b>	<b>\$ 7,441,377</b>	<b>\$ 4,756,538</b>	<b>\$ 7,439,907</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Investment earnings	\$ 36,844	\$ 16,111	\$ 5,076	\$ 4,597	\$ 3,347	\$ 3,293	\$ 3,786	\$ 3,496	\$ 3,126	\$ 4,179
Transfers	-	(470,000)	(426,000)	(283,420)	(218,000)	(210,202)	(271,897)	(134,695)	(11,241)	(11,845)
Miscellaneous	-	7,343	-	(114)	638	-	35	25,867	10,629	16,236
<b>Total business-type activities</b>	<b>\$ 36,844</b>	<b>\$ (446,546)</b>	<b>\$ (420,924)</b>	<b>\$ (278,937)</b>	<b>\$ (214,015)</b>	<b>\$ (206,909)</b>	<b>\$ (268,076)</b>	<b>\$ (105,332)</b>	<b>\$ 2,514</b>	<b>\$ 8,570</b>
<b>Total City</b>	<b>\$ 10,029,040</b>	<b>\$ 10,943,411</b>	<b>\$ 8,607,024</b>	<b>\$ 8,304,701</b>	<b>\$ 9,265,530</b>	<b>\$ 8,762,488</b>	<b>\$ 7,317,241</b>	<b>\$ 7,336,045</b>	<b>\$ 4,759,052</b>	<b>\$ 7,448,477</b>
Business-type activities:										
Capital contributed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	1,431,990	3,377,484	2,491,412	576,227	1,878,556	2,960,774	1,000,381	2,748,997	(1,278,990)	237,769
Business-type activities	729,147	433,025	(30,665)	219,142	(34,215)	(444,780)	160,381	268,836	154,357	957,483
<b>Total City</b>	<b>\$ 2,161,137</b>	<b>\$ 3,810,509</b>	<b>\$ 2,460,747</b>	<b>\$ 795,369</b>	<b>\$ 1,844,341</b>	<b>\$ 2,515,994</b>	<b>\$ 1,160,762</b>	<b>\$ 3,017,833</b>	<b>\$ (1,124,633)</b>	<b>\$ 1,195,252</b>

Note: The City used the cash basis of accounting for fiscal years 2001-2007. In fiscal year 2008, the City changed to the modified accrual basis of accounting.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

PROGRAM REVENUES BY FUNCTION / PROGRAM  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>FUNCTION/PROGRAM</b>										
<b>Governmental Activities:</b>										
General Government	\$ 2,326,301	\$ 2,463,713	\$ 2,447,259	\$ 2,547,250	\$ 2,314,047	\$ 2,510,429	\$ 2,348,316	\$ 2,400,820	\$ 2,041,741	\$ 2,049,179
Public Safety	780,603	1,372,795	1,138,978	995,886	1,163,395	1,290,628	604,721	498,135	731,202	550,209
Public Works	478,062	468,874	628,845	416,321	489,832	862,316	479,603	625,862	515,403	440,184
<b>Total governmental activities revenue</b>	<b>\$ 3,584,966</b>	<b>\$ 4,305,382</b>	<b>\$ 4,215,082</b>	<b>\$ 3,959,457</b>	<b>\$ 3,967,274</b>	<b>\$ 4,663,373</b>	<b>\$ 3,432,640</b>	<b>\$ 3,524,817</b>	<b>\$ 3,288,346</b>	<b>\$ 3,039,572</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Water	\$ 904,744	\$ 834,767	\$ 822,739	\$ 792,795	\$ 770,827	\$ 780,288	\$ 795,663	\$ 710,576	\$ 1,717,664	\$ 588,885
Sewer	817,775	800,312	256,813	316,027	-	-	-	-	-	-
Parking	63,337	63,013	65,835	88,231	69,066	65,749	55,588	58,038	53,375	42,991
<b>Total business-type activities revenue</b>	<b>\$ 1,785,856</b>	<b>\$ 1,698,092</b>	<b>\$ 1,145,387</b>	<b>\$ 1,197,053</b>	<b>\$ 839,893</b>	<b>\$ 846,037</b>	<b>\$ 851,251</b>	<b>\$ 768,614</b>	<b>\$ 1,771,039</b>	<b>\$ 631,876</b>
<b>Total City revenues</b>	<b>\$ 5,370,822</b>	<b>\$ 6,003,474</b>	<b>\$ 5,360,469</b>	<b>\$ 5,156,510</b>	<b>\$ 4,807,167</b>	<b>\$ 5,509,410</b>	<b>\$ 4,283,891</b>	<b>\$ 4,293,431</b>	<b>\$ 5,059,385</b>	<b>\$ 3,671,448</b>

Note: The Statement of Activities provides a breakdown of charges for services, grants, and contributions.

Note: The City used the cash basis of accounting for fiscal years 2001-2007. In fiscal year 2008, the City changed to the modified accrual basis of accounting.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

FUND BALANCES - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	2019	2018	2017	2016	2015	2014	2013	2012*	2011*	2010
<b>GENERAL FUND</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 852,747	\$ 757,522
Unreserved	-	-	-	-	-	-	-	-	2,192,883	1,551,060
Nonspendable	2,785,969	5,088,947	5,141,789	5,193,298	912,697	1,006,087	581,238	571,418	-	-
Restricted	67,411	64,928	38,365	24,113	36,232	36,217	16,400	204,793	-	-
Committed	3,000,000	2,040,716	2,313,752	2,156,168	2,170,017	1,935,777	1,896,721	1,598,657	-	-
Assigned	-	-	5,820,743	5,820,743	7,390,154	7,276,612	207,071	160,984	-	-
Unassigned	5,190,357	2,427,037	1,981,199	815,340	2,660,707	1,883,135	5,839,621	3,660,530	-	-
<b>Total General Fund</b>	<b>\$ 11,043,737</b>	<b>\$ 9,621,628</b>	<b>\$ 15,295,848</b>	<b>\$ 14,009,662</b>	<b>\$ 13,169,807</b>	<b>\$ 12,137,828</b>	<b>\$ 8,541,051</b>	<b>\$ 6,196,382</b>	<b>\$ 3,045,630</b>	<b>\$ 2,308,582</b>
<b>All other governmental funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,933,841	\$ 7,954,457
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	3,434,579	3,059,537
Capital projects funds	-	-	-	-	-	-	-	-	259,171	261,512
Non-Spendable	-	5,124	27,667	42,696	35,633	34,229	36,314	-	-	-
Restricted	5,784,007	4,514,033	3,187,285	2,574,925	4,225,375	6,465,481	10,178,801	11,277,733	-	-
Committed	6,362,045	101,808	604,636	515,063	443,185	381,867	345,985	258,413	-	-
Assigned	-	7,650,743	-	-	2,662,210	2,965,409	3,449,314	3,482,838	-	-
Unassigned	(1,967,338)	(1,775,676)	(2,843,438)	(2,554,328)	(240,924)	(286,499)	(378,965)	(624,594)	-	-
<b>Total all other governmental funds</b>	<b>\$ 10,178,714</b>	<b>\$ 10,496,032</b>	<b>\$ 976,150</b>	<b>\$ 578,356</b>	<b>\$ 7,125,479</b>	<b>\$ 9,560,487</b>	<b>\$ 13,631,449</b>	<b>\$ 14,394,390</b>	<b>\$ 9,627,591</b>	<b>\$ 11,275,506</b>
<b>Total</b>	<b>\$ 21,222,451</b>	<b>\$ 20,117,660</b>	<b>\$ 16,271,998</b>	<b>\$ 14,588,018</b>	<b>\$ 20,295,286</b>	<b>\$ 21,698,315</b>	<b>\$ 22,172,500</b>	<b>\$ 20,590,772</b>	<b>\$ 12,673,221</b>	<b>\$ 13,584,088</b>

\*Note: GASB Statement No. 54 was implemented in fiscal year 2012. With this implementation, governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned, rather than the reserved and unreserved components previously reported.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years**

Fiscal Year Ended April 30th	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>REVENUES</b>										
Taxes (1)	\$ 6,280,683	\$ 5,634,372	\$ 5,768,829	\$ 5,495,880	\$ 5,811,094	\$ 5,762,464	\$ 4,907,034	\$ 4,489,158	\$ 4,269,975	\$ 4,422,844
Intergovernmental (2)	3,690,604	4,894,938	3,634,801	3,206,224	3,660,906	4,168,859	2,853,609	3,112,744	2,569,183	2,414,499
Licenses	1,039,421	980,328	936,288	899,237	932,368	1,063,648	844,911	887,172	851,454	877,534
Fines and Forfeits	661,319	655,993	797,392	784,430	755,188	849,736	467,308	256,814	376,583	432,094
Charges for Services	1,646,230	1,404,598	1,388,736	1,586,423	1,291,741	1,353,391	1,309,694	1,169,635	1,069,368	1,031,010
Investment Income	62,058	660,359	42,524	27,546	(166,558)	30,600	18,295	7,857	9,660	10,126
Miscellaneous	196,847	994,751	248,460	259,935	366,648	222,968	360,742	908,119	183,469	840,626
<b>Total Revenues</b>	<b>\$ 13,577,162</b>	<b>\$ 15,225,339</b>	<b>\$ 12,817,030</b>	<b>\$ 12,259,675</b>	<b>\$ 12,651,387</b>	<b>\$ 13,451,666</b>	<b>\$ 10,761,593</b>	<b>\$ 10,831,499</b>	<b>\$ 9,329,692</b>	<b>\$ 10,028,733</b>
<b>EXPENDITURES</b>										
General Government	\$ 3,162,049	\$ 2,984,783	\$ 2,595,262	\$ 3,251,307	\$ 2,977,917	\$ 2,891,222	\$ 2,681,900	\$ 2,324,123	\$ 2,724,788	\$ 2,872,824
Public Safety	4,845,427	5,097,514	4,865,825	4,653,389	4,424,004	4,164,469	4,015,241	3,347,253	3,744,385	3,962,324
Public Works	894,780	970,223	970,636	1,085,664	1,195,842	905,608	807,717	938,495	578,591	723,685
Capital Outlay	1,847,249	546,920	904,469	2,188,781	3,138,652	4,099,039	5,328,497	5,001,238	12,428	844,958
Debt Service										
Principal	1,290,000	1,755,000	1,670,000	6,320,000	2,225,000	1,201,421	766,421	5,611,727	1,440,000	1,315,000
Interest	432,866	495,237	552,858	751,222	888,433	845,196	903,898	1,367,351	450,422	483,734
<b>Total expenditures</b>	<b>\$ 12,472,371</b>	<b>\$ 11,849,677</b>	<b>\$ 11,559,050</b>	<b>\$ 18,250,363</b>	<b>\$ 14,849,848</b>	<b>\$ 14,106,955</b>	<b>\$ 14,503,674</b>	<b>\$ 18,590,187</b>	<b>\$ 8,950,614</b>	<b>\$ 10,202,525</b>
Excess of revenues over (under) expenditures	\$ 1,104,791	\$ 3,375,662	\$ 1,257,980	\$ (5,990,688)	\$ (2,198,461)	\$ (655,289)	\$ (3,742,081)	\$ (7,758,688)	\$ 379,078	\$ (173,792)
Impairment of land held for resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,816,589)	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 15,541,544	\$ -	\$ 282,107
Premiums on GO debt issued	-	-	-	-	-	-	51,912	-	-	-
Transfers in	605,957	7,650,743	1,521,651	1,405,948	1,674,633	2,140,433	2,486,746	2,010,488	600,760	1,120,214
Transfers out	(605,957)	(7,180,743)	(1,095,651)	(1,122,528)	(1,456,633)	(1,930,231)	(2,214,849)	(1,875,793)	(589,519)	(1,108,369)
Gain/(Loss) on sales of assets held for resale	-	-	-	-	577,432	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ 470,000</b>	<b>\$ 426,000</b>	<b>\$ 283,420</b>	<b>\$ 795,432</b>	<b>\$ 210,202</b>	<b>\$ 5,323,809</b>	<b>\$ 15,676,239</b>	<b>\$ 11,241</b>	<b>\$ 293,952</b>
<b>Net Change in fund balances</b>	<b>\$ 1,104,791</b>	<b>\$ 3,845,662</b>	<b>\$ 1,683,980</b>	<b>\$ (5,707,268)</b>	<b>\$ (1,403,029)</b>	<b>\$ (445,087)</b>	<b>\$ 1,581,728</b>	<b>\$ 7,917,551</b>	<b>\$ (1,426,270)</b>	<b>\$ 120,160</b>
Debt service as a percentage of noncapital expenditures	16.1%	19.6%	20.9%	43.8%	26.2%	20.2%	17.7%	49.9%	21.3%	18.1%

Note: The City used the cash basis of accounting for fiscal years 2001-2007. In fiscal year 2008, the City changed to the modified accrual basis of accounting.

(1) Taxes include property, local sales, use, utility, hotel, road and bridge, auto rental, and places for eating tax, Glenview shared revenue Motor Fuel, Grants, Seizure revenue.

(2) Intergovernmental includes state sales tax, income tax, personal property replacement tax, Glenview shared revenue Motor Fuel, Grants, and DEA Seizure revenue.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Fiscal Year Ended April 30 <sup>th</sup>	Property	Income	(1) Local Use	State Sales	Non-Home Rule Sales	Utility	Telecom	Motor Fuel	Hotel	Places for Eating	Other (1)	Total
2019	\$ 3,103,154	\$ 1,681,769	\$ 488,057	\$ 1,405,229	\$ 312,708	\$ 572,703	\$ 246,652	\$ 412,653	\$ 791,836	\$ 318,704	\$ 560,051	\$ 9,893,516
2018	3,863,343	1,479,199	357,865	1,121,542	307,332	547,699	325,744	415,065	827,607	318,595	617,366	10,181,357
2017	2,606,246	1,532,543	400,105	981,646	293,813	549,678	361,585	412,033	849,495	326,929	570,301	8,884,374
2016	2,840,100	1,662,974	377,196	828,941	271,344	502,378	416,601	415,810	811,689	306,113	396,598	8,829,744
2015	3,160,113	1,637,723	335,284	924,209	287,515	584,577	474,528	484,928	776,817	302,612	314,373	9,282,679
2014	2,853,719	1,552,422	285,205	822,982	283,614	622,567	512,528	537,316	757,813	301,808	638,478	9,168,452
2013	2,121,669	1,538,101	260,876	734,219	279,382	577,463	565,465	464,753	745,932	2,853,719	(2,494,981)	7,646,598
2012	1,773,580	1,377,307	277,752	712,340	270,217	565,924	662,597	482,202	678,815	247,236	16,514	7,064,484
2011	1,765,557	1,321,848	190,408	768,926	275,968	617,393	597,117	515,403	556,317	233,943	36,143	6,879,023
2010	2,100,769	1,317,403	31,785	836,740	251,205	596,655	693,243	440,184	474,657	234,626	41,510	7,018,777

(1) Other includes Airport Sharing sales tax revenues with the Village of Wheeling

Data Source  
The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

ASSESSSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
2018	\$ 315,563,465	\$ 69,200,826	\$ 7,152,131	\$ -	\$ 391,916,422	0.443	\$ 1,176,926,192
2017	317,801,414	71,597,503	7,400,492	-	396,799,409	0.443	1,191,589,817
2016	319,199,567	66,515,762	6,939,523	-	392,654,852	0.434	1,179,143,700
2015	264,487,804	60,418,905	6,878,199	-	331,784,908	0.486	996,351,075
2014	271,057,625	64,033,525	6,801,574	-	341,892,724	0.486	1,026,704,877
2013	259,301,835	55,630,818	16,778,346	-	331,710,999	0.498	996,129,126
2012	326,698,695	53,355,167	17,279,177	-	397,333,039	0.319	1,193,192,309
2011	440,623,173	59,082,360	19,118,359	-	440,623,173	0.162	1,323,192,712
2010	389,090,836	74,195,260	25,508,165	-	488,794,261	0.054	1,467,850,634
2009	441,921,457	87,412,853	28,234,883	1,877	557,571,070	0.046	1,674,387,598

Note: Property is re-assessed every three years and is assessed at 33.33% of estimated actual value. Tax rates are per \$100 of equalized assessed valuation.

Data Source

Cook County Tax Extension Office

**City of Prospect Heights**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
Last Ten Levy Years\***

Name of Taxing Entity/Levy Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>CITY DIRECT RATES</b>										
Police Pension and Roads	0.443	0.433	0.434	0.486	0.486	0.498	0.319	0.162	0.054	0.046
<b>TOTAL DIRECT RATES</b>	<b>0.443</b>	<b>0.433</b>	<b>0.486</b>	<b>0.486</b>	<b>0.498</b>	<b>0.319</b>	<b>0.162</b>	<b>0.054</b>	<b>0.046</b>	<b>0.045</b>
<b>OVERLAPPING RATES</b>										
County of Cook	0.489	0.496	0.533	0.552	0.568	0.560	0.531	0.462	0.423	0.394
Forest Preserve District of Cook County	0.060	0.062	0.063	0.069	0.069	0.069	0.063	0.058	0.051	0.049
Metropolitan Water Reclamation District	0.040	0.402	0.406	0.426	0.430	0.417	0.370	0.320	0.274	0.261
Consolidated Elections	-	-	-	0.034	-	0.031	-	0.025	-	0.021
Northfield Township - General	0.024	0.023	0.024	0.028	0.032	0.031	0.024	0.020	0.013	0.010
Northfield Township - General Assistance	0.007	0.006	0.006	0.007	0.007	0.008	0.009	0.008	0.011	0.010
Northfield Township - Road & Bridge	0.052	0.049	0.049	0.057	0.054	0.053	0.046	0.041	0.036	0.031
Wheeling Township - General	0.043	0.043	0.041	0.055	0.052	0.056	0.052	0.048	0.043	0.039
Wheeling Township - General Assistance	0.009	0.009	0.008	0.010	0.010	0.010	0.009	0.009	0.005	0.009
Wheeling Township - Road & Bridge	0.016	0.015	0.014	0.020	0.019	0.019	0.016	0.015	0.014	0.012
Northfield Woods Sanitary District	0.093	0.065	0.088	0.098	0.099	0.098	0.082	0.079	0.067	0.054
Old Town Sanitary District	-	-	-	-	0.028	0.028	0.023	0.020	0.017	0.015
Northwest Mosquito Abatement District	0.011	0.010	0.010	0.011	0.013	0.013	0.011	0.010	0.009	0.008
Arlington Heights Township High School #214	2.669	2.563	2.527	2.881	2.776	2.768	2.324	2.060	1.839	1.636
Northfield Township High School #225	2.216	2.102	2.106	2.493	2.367	2.341	2.028	1.819	1.609	1.395
Harper Community College District #512	0.443	0.425	0.416	0.466	0.451	0.444	0.373	0.334	0.295	0.258
Oakton Community College District #535	0.246	0.232	0.231	0.271	0.258	0.256	0.219	0.196	0.160	0.140
Arlington Heights Park District	0.514	0.494	0.488	0.626	0.636	0.633	0.545	0.496	0.450	0.392
Prospect Heights Park District	0.817	0.784	0.770	0.912	0.884	0.856	0.746	0.661	0.595	0.523
River Trails Park District	0.708	0.681	0.665	0.769	0.748	0.747	0.632	0.553	0.510	0.433
Wheeling Park District	0.880	0.842	0.829	0.924	0.890	0.899	0.738	0.654	0.571	0.490
Prospect Heights Public Library District	0.572	0.547	0.545	0.621	0.597	0.599	0.489	0.437	0.387	0.343
Indian Trails Public Library District	0.493	0.481	0.476	0.534	0.529	0.504	0.463	0.393	0.347	0.307
Northbrook Rural Fire Protection District	0.730	0.703	0.690	0.800	0.800	0.800	0.700	0.700	0.632	0.552
Prospect Heights Fire Protection District	1.057	1.018	0.979	1.148	1.102	1.091	0.934	0.845	0.755	0.652
Glenbrook Fire District	0.761	0.726	0.720	0.815	0.796	0.788	0.713	0.703	0.658	0.522
City of Prospect Heights:										
Special Service Area #1	-	-	0.291	0.035	0.035	0.035	0.035	0.199	0.200	0.176
Special Service Area #2	-	-	0.783	0.930	0.911	0.930	0.895	0.268	0.262	0.229
Special Service Area #3	-	-	0.101	0.119	0.107	0.098	0.078	0.180	0.213	0.188
Special Service Area #4	-	-	0.852	0.910	0.909	0.831	0.664	0.256	0.239	0.191
Special Service Area #5	0.062	0.061	0.142	0.018	0.018	0.018	0.012	0.049	0.137	0.112
Special Service Area #6	1.261	1.326	1.328	1.511	1.449	1.434	1.174	1.065	0.984	0.906
Special Service Area #8	0.622	0.593	0.979	1.105	1.072	1.079	0.847	0.278	-	-
School District #21 - Wheeling	5.276	5.022	4.966	5.642	5.430	4.841	4.556	4.164	3.658	3.209
School District #23 - Prospect Heights	3.595	3.479	3.404	4.062	3.922	3.932	3.273	2.869	2.571	2.253
School District #25 - Arlington Heights	3.617	3.488	3.424	3.990	3.678	3.659	3.416	3.101	2.813	2.510
School District #26 - River Trails	4.365	4.198	4.140	4.742	3.873	3.873	3.873	3.458	3.131	2.703
School District #31 - West Northfield	2.842	2.700	2.699	3.107	2.911	2.946	2.525	2.018	1.730	1.494

\* Property tax rates are per \$100 of equalized assessed valuation.

Data Source

Cook County Tax Extension Office

**City of Prospect Heights**

PRINCIPAL PROPERTY TAX PAYERS  
Current Year and Nine Years Ago

Taxpayer	At Fiscal Year End April 30, 2019			At Fiscal Year End April 30, 2010		
	2018 Taxable Assessed Value	Rank	Percentage of Total City 2018 Taxable Assessed Value	2009 Taxable Assessed Value	Rank	Percentage of Total City 2009 Taxable Assessed Value
Briarwood Lakes LP	\$ 8,188,705	1	2.09%	\$ 12,132,323	2	2.18%
CR Congress LLC	7,702,169	2	1.97%	11,166,503	5	2.00%
Frank S. Allgauer	6,856,145	3	1.75%	6,917,420	3	1.24%
Bays Northbrook Hosp C	6,066,927	4	1.55%	6,713,387	4	1.20%
Palwaukee Equities LLC./Plaza	4,439,114	5	1.13%	8,425,223	5	1.51%
BKD Prospect Heights	3,639,612	6	0.93%			
HCP Inc.				3,771,196	8	0.68%
The Radler Group Inc.				3,356,606	9	0.60%
Allstate Insurance Co.	2,632,591	7	0.67%	17,617,879	1	3.16%
Voss Bros	2,327,754	8	0.59%	3,871,281	7	0.69%
Signature Flight	2,289,627	9	0.58%	2,719,893	10	0.49%
Pathway Property Owner	2,209,638	10	0.56%	-		0.00%
Total assessed valuation	<u>\$ 46,352,282</u>		<u>11.83%</u>	<u>\$ 76,691,711</u>		<u>13.75%</u>
Total equalized assessed valuation	<u>\$ 391,916,422</u>			<u>\$ 557,571,070</u>		

Data Source

Cook County Clerk's Office

**City of Prospect Heights**

SALES TAX BY CATEGORY  
Last Ten Calendar Years <sup>(1)</sup>

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General merchandise <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	461,254	426,406	293,489	267,897	357,378	144,027	133,768	152,351	121,171	106,410
Drinking and eating places	201,661	191,882	184,738	178,967	184,757	174,266	154,219	152,708	145,295	166,615
Apparel	1,845	2,152	-	2,045	-	-	6,416	6,380	6,661	10,995
Furniture and H.H. and radio	19,572	23,216	18,627	23,547	21,462	24,330	26,104	28,024	28,087	27,652
Lumber, building, hardware <sup>(2)</sup>	13,411	13,742	14,704	11,008	10,290	11,654	10,028	10,067	10,862	5,158
Automobile and filling stations	137,502	113,645	112,460	120,164	150,517	114,943	94,981	97,985	91,788	86,444
Drugs and miscellaneous retail	194,850	193,722	194,775	177,608	174,312	202,437	216,589	210,793	205,095	176,769
Agriculture and all others	96,156	89,748	81,475	64,376	54,980	56,541	51,254	51,930	54,882	83,280
Manufacturers <sup>(2)</sup>	-	-	2,134	-	1,889	6,486	-	-	-	-
Unclassified <sup>(2)</sup>	14,505	18,320	13,029	14,083	14,534	18,710	18,075	19,442	15,816	14,945
<b>TOTAL</b>	<b>\$ 1,140,756</b>	<b>\$ 1,072,834</b>	<b>\$ 915,431</b>	<b>\$ 859,695</b>	<b>\$ 970,118</b>	<b>\$ 753,394</b>	<b>\$ 711,434</b>	<b>\$ 729,680</b>	<b>\$ 679,656</b>	<b>\$ 678,268</b>
<b>CITY'S DIRECT SALES TAX RATE</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
<b>NUMBER OF TAXPAYERS</b>	<b>346</b>	<b>323</b>	<b>323</b>	<b>344</b>	<b>286</b>	<b>288</b>	<b>292</b>	<b>269</b>	<b>276</b>	<b>292</b>

Notes:

<sup>(1)</sup> Data not available on a City fiscal-year basis. Data available for a calendar year only and excludes non-home rules sales tax.

<sup>(2)</sup> Blank categories have less than 4 taxpayers; therefore, no data is shown to protect the confidentiality of individual taxpayers. Total sales tax revenues generated by these taxpayers is included in the total; therefore, it has been reported under the "Unclassified" category.

Data Source

Illinois Department of Revenue

**City of Prospect Heights**

**DIRECT AND OVERLAPPING SALES TAX RATES  
Last Ten Fiscal Years**

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Fiscal Year Ended April 30th	City Direct Rate	City Non-Home Rule Rate <sup>(1)</sup>	State of Illinois Rate	Cook County Rate	Regional Transportation Authority Rate	Total Sales Tax Rate
2019	1.00	0.50	5.25	1.75	1.00	9.50
2018	1.00	0.50	5.25	1.75	1.00	9.50
2017	1.00	0.50	5.25	1.75	1.00	9.50
2016	1.00	0.50	5.25	1.75	1.00	9.50
2015	1.00	0.50	5.25	0.75	1.00	8.50
2014	1.00	0.50	5.25	0.75	1.00	8.50
2013	1.00	0.50	5.25	0.75	1.00	8.50
2012	1.00	0.50	5.00	1.25	1.00	8.75
2011	1.00	0.50	5.00	1.50	1.00	9.00
2010	1.00	0.50	5.00	2.00	1.00	9.50

Notes:

<sup>(1)</sup> The City enacted a non-home rule sales tax effective July 1, 2005

Data Source

Illinois Department of Revenue

**City of Prospect Heights**

**PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Levy Years**

Fiscal Year Ended April 30th	Levy Year	Total Tax Levy Extended	Collections received from the Tax Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2019	2018 <sup>(1)</sup>	\$ 2,135,239	\$ 1,096,706	51.4	-	\$ 1,096,706	51.4
2018	2017	2,151,487	2,089,087	97.1	(0)	2,089,087	97.1
2017	2016	2,409,203	2,378,151	98.7	(34,469)	2,343,682	98.7
2016	2015	2,384,601	2,337,323	98.0	(38,052)	2,299,271	98.0
2015	2014	2,298,340	2,265,225	98.6	(50,827)	2,214,398	99.0
2014	2013	2,239,415	2,216,999	99.0	(1,515)	2,215,484	98.9
2013	2012	1,867,308	1,846,797	98.9	(6,497)	1,840,300	98.6
2012	2011	1,173,647	1,156,270	98.5	(5,143)	1,151,127	98.1
2011	2010	719,063	691,772	96.2	8,167	699,939	97.3
2010	2009	696,533	566,275	81.3	114,557	680,832	97.7

(1) Levy year 2018 reflects first installment only

Data Source

Cook County Treasurer and City of Prospect Heights Records

**City of Prospect Heights**

PROPERTY TAX LEVIES AND COLLECTIONS BY TAXING AREA  
Last Ten Levy Years

Tax levy year	2018 (1)	2017	2016	2015	2014	2013	2012	2011	2010	2009
City-wide - Police pension	\$ 183,179	\$ 347,756	\$ 336,141	\$ 311,015	\$ 286,128	\$ 281,343	\$ 273,548	\$ 262,783	\$ 258,174	\$ 249,995
Road Bonds	707,857	1,344,138	1,340,702	1,331,531	1,330,827	1,347,803	973,048	435,100	-	-
Special services area #1	-		27,490	27,260	27,139	27,116	33,955	20,454	20,996	20,273
Special services area #2	-		42,257	41,972	43,907	42,848	51,050	16,153	16,667	15,799
Special services area #3	-		25,625	24,614	22,709	20,494	20,516	50,970	62,289	60,243
Special services area #4	-		42,965	41,043	41,158	37,934	35,822	16,116	16,846	14,459
Special services area #5	5,938	25,776	62,171	61,759	6,199	5,761	5,225	25,847	78,981	75,763
Special services area #6	132,839	244,737	246,218	245,968	248,715	246,011	243,677	242,554	245,986	244,299
Special services area #8	66,893	126,679	220,113	214,109	207,615	206,174	203,459	81,151	-	-
<b>Total collections to date</b>	<b>\$ 1,096,706</b>	<b>\$ 2,089,086</b>	<b>\$ 2,343,682</b>	<b>\$ 2,299,271</b>	<b>\$ 2,214,398</b>	<b>\$ 2,215,484</b>	<b>\$ 1,840,300</b>	<b>\$ 1,151,127</b>	<b>\$ 699,939</b>	<b>\$ 680,832</b>
<b>Levy as extended</b>	<b>\$ 2,135,239</b>	<b>\$ 2,151,487</b>	<b>\$ 2,409,203</b>	<b>\$ 2,385,722</b>	<b>\$ 2,298,340</b>	<b>\$ 2,239,415</b>	<b>\$ 1,867,308</b>	<b>\$ 1,173,647</b>	<b>\$ 719,063</b>	<b>\$ 696,533</b>
Percent collected	51.4%	97.1%	97.3%	96.4%	96.3%	98.9%	98.6%	98.1%	97.3%	97.7%

(1) Levy year 2018 reflects first installment only

Data Source  
Cook County Treasurer

**City of Prospect Heights**

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years

Fiscal Year Ended April 30 <sup>th</sup>	Governmental Activities					Business-Type Activities	Total City	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Tax Increment Notes Payable	Installment Contract Payable	Special Service Area Bonds	Note Payable	General Obligation Bonds			
2019	\$ 10,315,144	\$ -	\$ -	\$ 1,820,000	\$ -	\$ 400,000	\$ 12,535,144	2.28	782.03
2018	11,513,393	-	-	1,895,000	-	455,000	13,863,393	2.50	848.90
2017	12,661,057	500,000	-	2,015,000	-	510,000	15,686,057	2.99	965.77
2016	13,783,723	945,000	-	2,130,000	-	565,000	17,423,723	3.40	1,063.33
2015	19,586,389	1,365,000	-	2,240,000	-	615,000	23,806,389	4.63	1,450.02
2014	21,319,953	1,765,000	-	2,340,000	-	665,000	26,089,953	4.99	1,590.08
2013	21,870,000	2,110,000	-	2,435,000	56,421	715,000	27,186,421	5.72	1,661.05
2012	17,160,000	2,440,000	-	2,525,000	112,842	765,000	23,002,842	4.75	1,408.88
2011	6,885,305	2,750,000	-	2,615,000	169,264	800,000	13,219,569	2.74	813.21
2010	7,450,305	3,540,000	-	2,700,000	225,685	-	13,915,990	2.36	871.98

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

<sup>(1)</sup> Additional demographic information is available in the schedule of *Demographic and Economic Statistics*.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	General Bond Debt	Less: Amounts Available for General Bonded Debt	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2019	\$ 10,715,144	\$ 887,607	\$ 9,827,537	0.84	613.11
2018	11,968,393	863,923	11,104,470	0.93	679.96
2017	13,171,057	844,926	12,326,131	1.05	758.90
2016	14,348,723	815,212	13,533,511	1.36	825.92
2015	20,201,389	783,635	19,417,754	1.95	1,182.71
2014	21,984,953	549,369	21,435,584	2.09	1,306.41
2013	22,585,000	242,291	22,342,709	2.24	1,365.11
2012	17,160,000	-	17,160,000	1.44	1,051.02
2011	6,885,305	-	6,885,305	0.52	423.55
2010	7,450,305	-	7,450,305	0.51	466.84

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

(1) Estimated actual value of taxable property reflects most current information available at end of fiscal year. For example, levy year 2013 estimated actual value of taxable property provided for fiscal year 2014. See *Assessed Value and Actual Value of Taxable Property*, for more property value information.

(2) Population data can be found in *Demographic and Economic Statistics*.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
April 30, 2019

<u>Governmental Unit</u> (Debt repaid with property taxes)	2018 Valuation	2018 Assessed Value in City	General Obligation Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping Taxing Authority:</b>					
Cook County	158,584,064,770	\$ 391,916,422	\$ 2,950,121,750	0.25%	\$ 7,290,778
Cook County Forest Preserve	158,584,064,770	391,916,422	142,360,000	0.25%	351,821
Metropolitan Water Reclamation District	155,788,046,903	391,916,422	2,348,253,000 (1)	0.25%	5,907,507
<b>Others:</b>					
Arlington Heights Park District	2,800,117,742	31,078,549	14,320,000 (4)	1.11%	158,938
Prospect Heights Park District	348,720,895	218,067,920	6,705,000 (2)	62.53%	4,192,882
River Trails Park District	483,762,813	82,009,692	5,505,000 (2)	16.95%	933,233
Wheeling Park District	930,499,809	44,017,384	12,995,000 (2)	4.39%	570,097
Indian Trails Public Library	1,047,071,546	70,073,593	4,310,000	4.75%	204,844
<b>School Districts:</b>					
School District 21	1,793,481,440	99,522,056	69,085,000	5.55%	3,833,595
School District 23	548,505,405	216,198,676	9,540,000	39.42%	3,760,283
School District 26	535,576,393	54,539,364	7,930,000	10.18%	807,536
School District 31	598,973,369	16,742,877	12,220,000	2.80%	341,581
Arlington Hts. Township High School District 214	8,562,318,440	375,173,545	35,285,000 (4)	4.38%	1,546,076
Northfield Township High School District 225	5,318,564,191	16,742,877	72,951,131 (3)	0.31%	229,651
Harper Community College 512	18,882,174,512	375,173,545	113,215,000	1.99%	2,249,491
Total Overlapping General Obligation Bonded Debt					<u>\$ 12,768,213</u>
<b>Direct Debt:</b>					
City of Prospect Heights	391,916,422	391,916,422	12,135,144 (4)	100.000%	<u>12,135,144</u>
Total Direct and Overlapping General Obligation Bonded Debt					<u><u>\$ 44,513,457</u></u>

\* Excludes Prospect Heights Special Service Areas #6 bonds in the amount of \$2,015,000 which applies to only a small portion of the City.

- (1) Includes IEPA Revolving Loan Fund Bonds
- (2) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.
- (3) Includes original principal amounts of General Obligation Capital Appreciation Bonds
- (4) Excludes outstanding debt certificates

Sources: Offices of the Cook County Clerk, Comptroller and Metropolitan Water Reclamation District Treasurer

**City of Prospect Heights**

LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years

Legal debt margin calculation for period ending April 30, 2019

Assessed value - 2018 tax year  
Debt limit (8.625% of assessed value)  
Debt applicable to limit:  
General obligation debt (includes water bonds)

Legal debt margin

Levy Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed value <sup>(1)</sup>	\$ 391,916,422	\$ 396,799,409	\$ 392,654,852	\$ 331,784,908	\$ 341,892,724	\$ 331,710,999	\$ 397,333,039	\$ 440,623,173	\$ 488,794,261	\$ 557,571,070
Debt limit	33,802,791	34,223,949	33,866,481	28,616,448	29,488,247	28,610,074	34,269,975	38,003,749	42,158,505	48,090,505
Total net debt applicable to limit	10,715,144	11,968,393	13,171,057	14,348,723	20,201,389	21,984,953	22,585,000	17,160,000	6,885,305	7,450,305
Legal debt margin	\$ 23,087,647	\$ 22,255,556	\$ 20,695,424	\$ 14,267,725	\$ 9,286,858	\$ 6,625,121	\$ 11,684,975	\$ 20,843,749	\$ 35,273,200	\$ 40,640,200
Total net debt applicable to the limit as a percentage of debt limit	31.70%	34.97%	38.89%	50.14%	68.51%	76.84%	65.90%	45.15%	16.33%	15.49%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 8.625 percent of total assessed property value.

(1) Assessed value reflects most current information available at end of fiscal year. For example, 2018 assessed value provided for fiscal year 2019.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

**City of Prospect Heights**  
**PLEDGED-REVENUE COVERAGE**  
Last Ten Fiscal Years

Fiscal Year Ended April 30th	Tax Increment Allocation Notes, Series 2004					
	Incremental Property Taxes and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2019	\$ 1,014,466	\$ 17,772	\$ 996,694	\$ -	\$ -	NA
2018	1,126,564	2,911	1,123,653	500,000	24,500	2.14
2017	206,597	51,816	154,781	445,000	46,305	0.32
2016	304,512	177,542	126,970	420,000	66,886	0.26
2015	537,291	320,561	216,730	400,000	84,485	0.45
2014	630,802	168,477	462,325	345,000	99,665	1.04
2013	700,571	373,304	327,267	330,000	114,185	0.74
2012	1,044,418	190,972	853,447	310,000	127,825	1.95
2011	1,103,995	314,733	789,262	790,000	173,892	0.82
2010	1,223,254	490,299	732,955	670,000	198,106	0.84

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

## City of Prospect Heights

### DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

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Calendar Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2018	16,029	\$ 550,275,570	\$ 34,330	4.3
2017	16,331	553,441,259	33,889	4.0
2016	16,242	523,934,436	32,258	6.4
2015	16,386	512,422,992	31,272	5.7
2014	16,418	514,129,670	31,315	6.0
2013	16,408	522,430,720	31,840	5.8
2012 (2)	16,367	475,134,010	29,030	6.7
2011	16,327	484,764,957	29,691	6.6
2010	16,256	482,656,896	29,691	6.7
2009	15,959	589,062,649	36,911	8.2

#### Data Sources

(1) U.S. Census Bureau.

(2) U.S. Census Bureau, Per capita money income in past 12 months (2015 dollars) 2011-2015

(3) Illinois Department of Employment Security (IDES) - Homefacts

**City of Prospect Heights**

PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago

Fiscal Year Ended April 30, 2019					Fiscal Year Ended April 30, 2010				
Employer	Business/Service	Employees	Percent of Total	Rank	Employer	Business/Service	Employees	Rank	
School District Number 23	Elementary Public Schools	200 *	2.27%	1	School District Number 26	Elementary public schools	260 *	1	
Prospect Heights Park District	Parks and Recreation	178 *	2.02%	3	Prospect Heights Park District	Public parks, recreation	195 *	4	
Hilton Hotel and Allgauer's Restaurant	Hotel and Restaurant	150 *	1.70%	2	Hilton Hotel and Allgauer's Restaurant	Hotel and restaurant	160 *	3	
Tony's Fresh Market	Retail Grocery Store	150 *	1.70%	4	School District Number 23	Elementary public schools	204 *	2	
Crowne Plaza	Hotel and Restaurant	125 *	1.42%	5	Leggett & Platt, Inc.	Storage and stacking racks	150	5	
Terrance Electric & Technology	Commercial & Industrial Printing	85 *	0.96%	6	Terrance Electric & Technology	Commercial & Industrial Printing	60	8	
City of Prospect Heights	Municipal Government (FTE)	57	0.65%	8	Capital Graphics Inc.	Typesetting and commercial printing	65	7	
Prospect Heights Fire Protection District	Fire Protection	47 *	0.53%	7	Siemens Hearing Instruments	Orthopedic appliances, hearing aids	119	6	
Labor Solutions, LLC	Employment contractors	45	0.51%	8	City of Prospect Heights	Municipal government	48	9	
Prospect Heights Public Library	Public library	43 *	0.49%	9	Prospect Heights Public Library	Public Library	40	10	
Walgreens	Retail Store and Pharmacy	35 *	0.40%	10					
<b>Total</b>		<u>1,115</u>	<u>12.63%</u>		<b>Total</b>		<u>1,301</u>		

\* Includes Full-time, Part-time and/or Seasonal

Data Sources

- (1) The U.S. Census Bureau reports that there were 8,829 persons employed in the City in 2017.
- (2) 2017 Illinois Manufacturers and Services Directories
- (3) USA.com database

**City of Prospect Heights**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION / PROGRAM  
Last Ten Fiscal Years

Fiscal Year	2019	2018	2010	2016	2015	2014	2013	2012	2011	2010
<b>GENERAL GOVERNMENT</b>										
Administration	3.50	3.50	2.00	3.50	1.25	3.00	3.00	2.50	2.00	2.00
Finance	-	-	1.00	1.50	1.25	1.50	1.50	1.50	1.50	1.00
Building and Zoning	4.00	4.00	2.50	3.00	2.50	3.50	3.50	2.50	2.50	2.50
Engineering	-	-	1.00	-	0.50	0.50	0.50	0.50	0.50	1.00
<b>PUBLIC SAFETY</b>										
Police Sworn	22.00	23.00	24.00	27.00	27.00	27.00	26.00	21.00	24.00	26.00
Police Civilian	3.00	4.00	1.00	4.00	4.00	3.50	3.00	2.00	2.50	2.00
<b>PUBLIC WORKS</b>										
Administration	1.00	1.00	0.50	2.00	2.00	1.00	1.00	1.00	-	0.50
Streets and Sewers	1.00	2.00	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Forestry	-	-	1.50	-	-	-	-	-	-	1.00
Drainage	1.00	1.00	1.50	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Building Maintenance	1.00	1.00	-	1.00	-	-	-	-	-	-
Vehicle Maintenance	1.00	-	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water	1.25	1.25	1.00	1.50	1.50	1.50	1.50	1.50	1.00	1.00
Sanitary Sewer	1.25	0.25	-	0.50	-	-	-	-	-	-
<b>CONVENTION &amp; VISITORS BUREAU</b>										
		-	5.00	-	-	-	-	2.00	3.00	5.00
<b>Total</b>	<b>40.00</b>	<b>41.00</b>	<b>44.00</b>	<b>48.00</b>	<b>44.00</b>	<b>45.50</b>	<b>44.00</b>	<b>38.50</b>	<b>41.00</b>	<b>47.00</b>

Data Source

City of Prospect Heights Actual Payroll Fiscal Year End

**City of Prospect Heights**

OPERATING INDICATORS BY FUNCTION / PROGRAM  
Last Ten Fiscal Years

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Police</b>										
Number of calls	5,598	5,438	5,484	5,447	5,816	5,597	5,409	5,467	5,847	8,214
Part One Offenses <sup>(1)</sup>	145	122	138	106	176	178	188	206	213	215
Part Two Offenses <sup>(2)</sup>	443	521	586	652	737	740	723	548	469	614
Part One Arrests <sup>(1)</sup>	34	33	61	41	30	34	39	38	13	31
Part Two Arrests <sup>(2)</sup>	378	475	658	745	431	456	442	280	205	305
Auto Accident investigations	399	423	407	389	377	333	315	268	339	535
<b>Building &amp; Zoning <sup>(3)</sup></b>										
Building permits issued (residential and commercial)	638	791	834	559	471	457	351	294	269	360
Value of all construction permits issued	\$ 16,298,545	\$ 9,762,995	\$ 23,904,289	\$ 31,981,883	\$ 18,888,073	\$ 13,186,191	\$ 11,655,638	\$ 14,171,540	\$ 8,574,513	\$ 4,489,580
Plan reviews	595	819	880	796	503	748	727	625	564	799
Building inspections	1,501	2,016	1,294	946	743	777	744	917	774	902
Rental dwelling inspections	1,681	2,363	1,682	1,397	1,599	1,457	1,132	1,027	1,032	1,615
Health inspections	219	152	192	87	142	261	285	349	286	305
<b>Engineering</b>										
Right-of-way permits reviewed	22	15	14	27	32	31	47	38	13	47
Subdivision reviews (number)	1	3	3	-	-	-	1	2	1	-
Road program/street reconstruction (linear feet)	-	-	-	-	-	-	32,090	45,156	-	-
Road program/resurfacing (linear feet)	13,400	-	4,700	-	-	48,568	17,057	17,057	-	-
<b>Public works - general</b>										
Streets cold patching (in tons)	6	9	5	6	3	10	8	32	66	70
Streets resurfaced (square yards)	-	-	-	-	-	110,550	137,901	107,401	-	883
Streets cleaned (miles)	6.00	6.00	4.00	21.00	20.33	21.40	20.30	21.40	31.25	26.40
Snow plowing/salting (hours)	670	7	540	552	835	1,810	1,074	519	1,002	953
Storm sewers repaired & cleaned (linear feet)	2,700	3,250	8,200	2,162	2,720	5,294	4,562	31,270	40	100
Service requests (residential and intra-city)	2,080	2,210	2,150	2,244	2,118	2,317	2,106	2,380	822	763
JULIE utility locates	2,726	3,246	3,046	3,718	2,680	2,571	2,463	2,204	2,146	1,990
Parkway trees planted	7	3	2	37	34	28	-	-	-	1
<b>Public works - Water</b>										
Gallons of water billed (in thousands)	43,205	38,728	43,889	43,889	43,889	44,290	47,596	47,249	45,079	47,364
Main break repairs	1	2	1	1	5	-	-	2	1	-
Meters replaced	7	1	-	-	-	-	2	-	-	2
Services initiated	-	-	2	2	-	1	16	2	1	8

Data Source

City of Prospect Heights departmental records.

NOTES:

- (1) Part One Offenses are defined by the Federal Bureau of Investigation as the statistical measurement that includes murder, armed robbery, robbery, aggravated criminal sexual assault, aggravated assault, theft, auto theft, and arson.
- (2) Part Two Offenses are defined by the Federal Bureau of Investigation as the statistical measurement of all other misdemeanor offenses not included in Part One offenses.
- (3) These statistics are tracked on a calendar year basis. Statistics reported are for the calendar year ending within the fiscal year

**City of Prospect Heights**

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM  
Last Ten Fiscal Years

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Police</b>										
Patrol units	17	17	18	18	18	18	14	14	14	10
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public works</b>										
Streets (lane miles)	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00
Sidewalks (miles)	9.73	9.73	9.73	9.73	9.73	9.73	9.23	9.23	9.23	9.23
Buildings maintained	6	6	6	6	6	6	6	6	5	5
Sanitary sewers (miles)	44.70	44.70	44.70	44.70	8.35	8.35	8.35	8.35	8.35	8.35
Storm sewer lift stations	3	3	3	2	2	2	2	2	2	2
Street lights (number)	19	19	19	19	19	19	19	19	19	19
Land maintained (acres)	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
<b>Water</b>										
Fire hydrants	146	146	146	146	146	146	146	146	146	136
Valves	153	153	153	153	153	153	153	153	153	143
Pump stations	1	1	1	1	1	1	1	1	1	1
Interconnects	2	2	2	2	2	2	1	1	1	1
Storage capacity (in thousands of gallons)	550	550	550	550	550	550	550	550	550	550

Data Source

City of Prospect Heights Police, Engineering, and Public Works Department records.