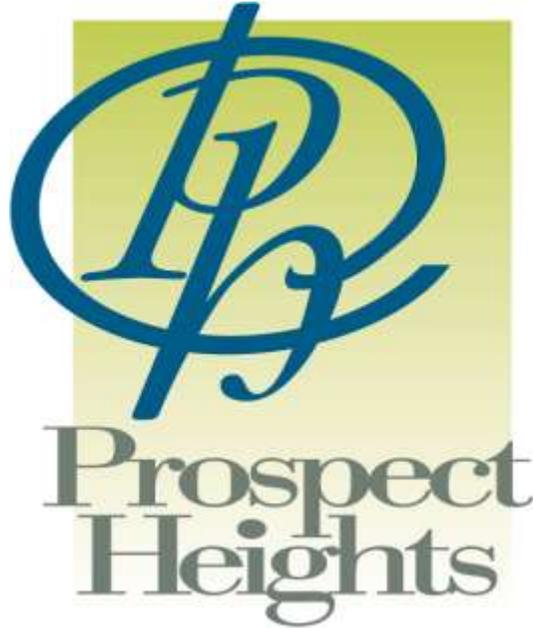


City of Prospect Heights, Illinois

Comprehensive Annual Financial Report

Year Ended April 30, 2011



**Prepared by:
Finance Department**

City of Prospect Heights, Illinois

Comprehensive Annual Financial Report

Year Ended April 30, 2011

Prepared by:

Finance Department

City of Prospect Heights, Illinois
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended April 30, 2011

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(Concluded)

INTRODUCTORY SECTION



October 26, 2011

Mayor and
Members of the City Council 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, 2011 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 Miller, Cooper & Co., Ltd., 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, 2011 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 audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended April 30, 2011 are fairly presented in conformity with GAAP. The independent auditors' report, located on pages 1-2, 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.

City of Prospect Heights

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www.prospect-heights.il.us

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, 2010 were \$679,656, compared to \$678,268 for the previous year, an increase of 0.2%. Since the City's portion of sales tax receipts is based on a 1% tax rate, these receipts represent total retail sales of approximately \$67.96 million for 2010. After three calendar years of decline, sales tax receipts appear to have stabilized. During this period of decline, the City established an Economic/Business Development Committee whose mission is to promote and foster business and economic development in the community.

The City of Prospect Heights' average unemployment rate for calendar year 2010 was 8.4%, which was 18% lower than the 10.3% average rate for the state. The City of Prospect Heights had a median family income of \$63,382, as of the 2000 Census, which was 18% higher than the norms for Cook County and 14% higher than the median for the state of Illinois.

For calendar year 2010, the City issued 269 construction permits (residential and commercial) valued at \$8.6 million, as compared to 360 permits the previous year with a value of \$4.5 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 remodeling or the tear-down and reconstruction of existing homes, which has declined considerably due to the current economic environment. Commercial permit activity has been limited to redevelopment of existing business locations, with the occasional development of vacant land. Areas that are targeted for development or redevelopment within the next year include the Prospect Crossing Shopping Center and the southeast quadrant of the Chicago Executive Airport, which will provide a one-time increase in permit fees and additional growth in sales tax revenue.

Financial Planning. In January 2009, the City began the process of Strategic Financial Planning. The purpose of the planning process was to address immediate financial concerns and to ensure the long-term viability of the City, its services, capital assets, and infrastructure in order 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.

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, increased enforcement and collection of existing revenues, obtained outside assistance to research and compile a database of revenue streams available to or in use by non-home rule municipalities in Illinois, and asked the voters to support implementation of a property tax for police protection services. The City was disappointed that the research project did not identify any new revenue streams; as well as, that the voters did not support the police protection tax referendum. On the expense side, personnel costs represent the single largest operating expense. As a result, the City has been forced to reduce the number of personnel in order to maintain a balanced budget. During FY2011, reductions in personnel costs were obtained by leaving vacant positions in the Convention and Visitors' Bureau and police department unfilled; laying off two workers in the public works department and six sworn police officers; and maintaining the 30-day unpaid furlough of all remaining personnel (excluding sworn police officers). In addition, the City continued to utilize outside contractors for financial, engineering, and inspection services. While the steps taken have provided a short-term solution, the City continues to investigate options to achieve long-term stabilization.

The second focus has been on debt reduction, specifically with regard to its outstanding Tax Increment Financing (TIF) loan. During FY2011, the City utilized existing reserves in the TIF fund to redeem the December 1, 2018 principal amount of \$530,000; thereby, reducing the outstanding loan balance and saving the City \$207,760 in interest expense over the next eight years.

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. With reduced staffing levels, the City has not yet been able to develop a comprehensive capital asset and infrastructure replacement program; however, 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.

Major Initiatives

Following directives of the City Council and City Administrator, staff was involved in a variety of projects throughout the year. During fiscal year 2011, the City's resources were focused on these major priorities, with specific accomplishments:

- 1) Maintaining operational efficiency and current service levels
 - a) Obtained Tree City USA designation for the 13th consecutive year and the Tree City USA Growth Award for the 12th consecutive year.
 - b) Negotiated a side letter of understanding with Local 150 for a 30-day furlough and wage/step freeze of union members.
 - c) Hired a new City Administrator and Police Chief to replace retiring personnel and filled the long-standing Convention and Visitors' Bureau Executive Director vacancy.
 - d) Negotiated an agreement with the Village of Wheeling for housing of prisoners to reduce police overtime expense for prisoner watch and holding.
- 2) Capital and infrastructure improvements
 - a) Acquired three police vehicles utilizing a combination of grants and drug enforcement agency seizure funds.
 - b) Completed the Camp McDonald water main project for construction of a permanent connection with its water supplier.
- 3) Promote Commercial and/or Retail Development
 - a) Continued working with developer on proposal to develop the southeast quadrant of the Chicago Executive Airport.
 - b) Continued working with owners of local shopping center to bring new businesses/retailers to the vacant storefronts in the shopping center.
 - c) The Economic/Business Development Committee continued working on development of a listing of available land and facilities for various types of business ventures and the gathering of information from existing businesses in order to encourage the City's residents to "Shop Prospect Heights".

- 4) Service initiatives, both internal and external
 - a) Continued participation in and worked jointly with federal and other local governments on the construction of Levee 37 for flood management of the Des Plaines River along Milwaukee Avenue and River Road. Final completion of this project is pending completion of the required compensatory storage upstream.
 - b) Established Special Service Area Number 8 to fund operating and maintenance costs related to Levee 37.
 - c) Continued waste recycling programs for compact fluorescent light bulbs, pharmaceuticals, and sharps disposal.
 - d) Continued Photo Enforcement (Red Speed) Traffic Camera implementation at Palatine Road and Milwaukee Avenue to improve safety at the intersection.
 - e) Continued in-house adjudication process for municipal violations and photo enforcement citations.
 - f) Continued web-based payment option for City vehicle stickers and animal licenses utilizing the Illinois State Treasurer's e-Pay service.
 - g) Implemented reverse 911 phone notification system.
 - h) Completed annual reporting requirements with IEPA for National Pollutant Discharge Elimination System (NPDES) permit and Community Rating System (CRS) programs.
 - i) The Convention and Visitors' Bureau launched new marketing materials with a redesigned logo, website, and Getaway Guide.
- 5) Improve financial reporting and oversight
 - a) Continued implementation of various aspects of the Strategic Financial Plan presented in January 2009. The Finance Committee developed Request for Proposals (RFPs) for waste hauling and janitorial services. Received Ordinance Consideration for several of the City's facilities/accounts from the electric utility provider, enabling the City to reduce its electric utility expense.
 - b) The City's Fiscal Year 2010 Comprehensive Annual Financial Report (CAFR) was awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. Further information regarding this award is provided under the *Awards* section later in this transmittal letter.
 - c) The budget for fiscal year ending April 30, 2012 was approved by the City Council and filed with the Cook County Clerk's office on May 13, 2011.
 - d) Successfully negotiated with ComEd for a reduction in the commuter parking lot lease.
 - e) Continued regular budgetary reviews to provide improved monitoring of the City's financial position.
 - f) Implemented improved accounting procedures relative to purchasing, accounts payable processing and approval, and cash receipts processing.
 - g) Complied with annual filing requirements under the Cook County Board of Commissioners Debt Disclosure Ordinance.
 - h) Complied with annual Continuing Disclosure Requirements under SEC Rule 15c2-12 for all applicable outstanding City debt issues.

- 6) Seek out funding sources for operations and capital improvements
 - a) Applied for and received the following grants during the fiscal year: Victims of Criminal Abuse (VOCA) grant, State of Illinois Local Tourism and Convention Bureau (LTCB) grant, Police equipment grants, Illinois Department of Transportation IMAGE grant for traffic safety enforcement, Tobacco Enforcement grant, DCEO grant for water main, and Emergency Road Repair (ERP) funding. In addition, implemented Justice Assistance (JAG) Stimulus and Non-Stimulus and USEPA grants awarded in previous fiscal years.
 - b) Continued assignment of a police officer to Drug Enforcement Agency (DEA) Task Force. This assignment provides better safety service locally and regionally and provides the opportunity for the City to share in seizure proceeds. These proceeds, when received, are restricted in use for public safety.
 - c) Continued collection program of unpaid parking tickets and photo enforcement citations, utilizing an outside collection agency.
 - d) Reapplied for federal Stimulus funds to rehire and retain one police officer – it was not awarded.
 - e) Applied for additional “Safe Routes to School” grant of \$250,000 to assist in funding construction of sidewalks along Schoenbeck road.
 - f) Implemented PEG fee for additional cable service provider.
 - g) Received approval from voters for the issuance of \$15 million in general obligation bonds for road and drainage improvements, and related expenses.

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, 2010. This was the third 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 (staff and independent contractors), 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,

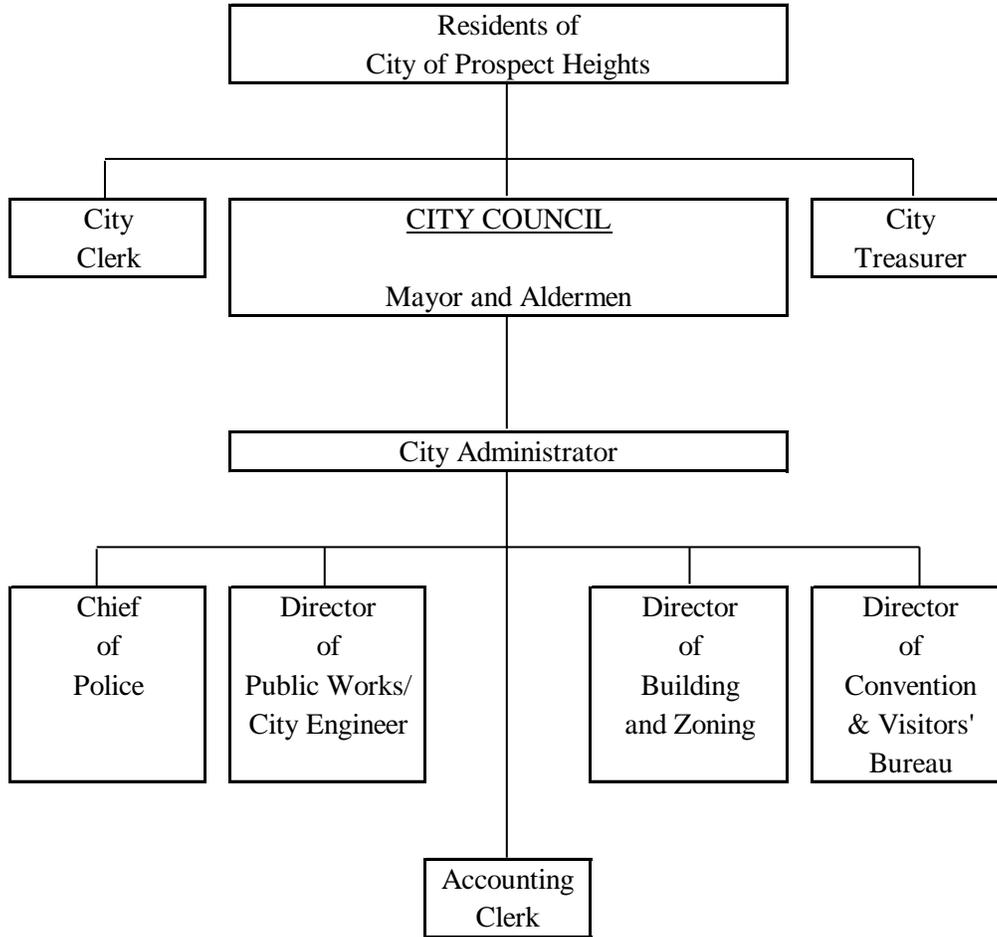
A handwritten signature in black ink, appearing to read "Anne E. Marrin". The signature is fluid and cursive, with a large initial "A" and "M".

Anne E. Marrin
City Administrator

City of Prospect Heights, Illinois

ORGANIZATIONAL CHART

April 30, 2011



City of Prospect Heights, Illinois

PRINCIPAL OFFICIALS

April 30, 2011

CITY COUNCIL

Dolores Vole, Mayor

Gerald Anderson

John Styker

Richard Hamen

Scott Williamson

Bree Higgins

William Kearns, City Clerk

Richard Tibbits, City Treasurer

ADMINISTRATION

Anne E. Marrin, City Administrator

Chief of Police

James Dunne

Director of Public Works/Engineering

Vacant

Director of Building and Zoning

Stephen Skiber

Director of Convention and Visitors' Bureau

Brent Edwards

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Prospect Heights
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Prospect Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prospect Heights, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Prospect Heights' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 major fund, and the aggregate remaining fund information of the City of Prospect Heights, Illinois, as of April 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated October 26, 2011 on our consideration of the City of Prospect Heights, Illinois', internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(Continued)

The management's discussion and analysis on pages 3 through 17 and the pension and other postemployment benefits trend information, budgetary comparison information, and notes to required supplementary information on pages 73 through 79 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prospect Heights, Illinois', basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, and the other statistical information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
October 26, 2011

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

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 position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since 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 assets that presents information about all of the City's assets and liabilities, with the differences reported as net assets. Over a multiyear period, an increase or decrease in net assets 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 assets 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, and public works. The business-type activities include the Water Fund, the Parking Fund, and the Chicago Executive Airport. 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.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are 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 a 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 21 of this report.*

The City of Prospect Heights has seventeen individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for the General, Motor Fuel Tax, Development, Convention and Visitors' Bureau, Palatine/Milwaukee TIF, Facility Construction, Reconstruction, and Special Service Area #6 Construction funds 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, liabilities, 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 nine 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 107 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, the Parking Fund, and the Airport Fund. *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 27 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 31 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 are preceded by an index which begins on page 33 of this report.*

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

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 benefit obligations to its employees and budget information. *Required supplementary information can be found beginning on page 73 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 of Prospect Heights 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 a road will be considered maintenance, whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Assets

The City's net assets as of April 30, 2011 were \$70,560,194, which represents a decrease of \$1,124,633 as compared to April 30, 2010. Net assets from governmental activities decreased by \$1,278,990; although, net assets from business-type activities increased by \$154,357. Table 1 below presents a summary of governmental and business-type net assets as of April 30, 2011 compared to April 30, 2010. *More detailed information can be found in the Statement of Net Assets on page 18.*

Table 1: Comparative Summary Statements of Net Assets as of April 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 14,450,323	\$ 15,615,102	\$ 47,836,680	\$ 47,826,440	\$ 62,287,003	\$ 63,441,542
Capital assets	22,077,474	23,321,326	4,816,858	3,828,488	26,894,332	27,149,814
Total Assets	36,527,797	38,936,428	52,653,538	51,654,928	89,181,335	90,591,356
Liabilities						
Current liabilities	2,471,602	2,403,581	110,262	66,934	2,581,864	2,470,515
Noncurrent liabilities	15,228,915	16,426,577	810,362	9,437	16,039,277	16,436,014
Total Liabilities	17,700,517	18,830,158	920,624	76,371	18,621,141	18,906,529
Net Assets						
Invested in capital assets, net of related debt	16,968,210	17,505,641	4,016,858	3,828,488	20,985,068	21,334,129
Restricted net assets	6,346,248	6,274,195	-	-	6,346,248	6,274,195
Unrestricted net assets	(4,487,178)	(3,673,566)	47,716,056	47,750,069	43,228,878	44,076,503
Total Net Assets	\$ 18,827,280	\$ 20,106,270	\$ 51,732,914	\$ 51,578,557	\$ 70,560,194	\$ 71,684,827

Normal Impacts on Net Assets

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

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

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

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 invested in capital assets, net of debt.

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

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

Reduction of capital assets through depreciation – will reduce capital assets and invested in capital assets, net of debt.

Current Year Impacts on Net Assets

Governmental Activities

For fiscal year 2011, governmental activities net assets totaled \$18,827,280, reflecting a decrease of \$1,278,990 over the prior fiscal year. Governmental activities total assets decreased \$2,408,631, and governmental activities total liabilities decreased \$1,129,641.

The \$2,408,631 decrease in total assets resulted from a \$1,164,779 decrease in current and other assets and a \$1,243,852 decrease in capital assets. The decrease in capital assets reflects the net result of depreciation expense, capital outlay, and deletions. The decrease in current and other assets is primarily due to a \$1.8 million decrease in the value of land held for resale. The adjustment to land held for resale reflects the prolonged downturn in the commercial real estate market as a result of the economic recession. Changes in the remaining items within current and other assets include a \$726,897 increase in cash and investments, a \$111,909 decrease in receivables, and a \$36,822 increase in all other current assets. Most of the governmental funds experienced increases in their cash position as a result of budget surpluses. Notable exceptions include the TIF Fund, Development Fund, and DEA Seizure Fund, which experienced decreases in their cash position. The General fund, which provides the majority of City services, experienced an \$876,422 increase in its cash position. This increase resulted from more timely receipt of state-shared revenues and budget surpluses. The decreases in the cash position in the other funds reflect the planned use of accumulated fund balance for accelerated debt retirement in the TIF fund, for public safety in the DEA Seizure Fund, and for facility maintenance in the Development Fund. Intergovernmental receivables decreased \$86,799 over the prior year, as state-shared revenues for income tax were delayed four months at the end of the fiscal year versus five months the previous fiscal year.

The \$1,129,641 decrease in total liabilities includes a decrease in noncurrent liabilities of \$1,197,662 and an increase in current liabilities of \$68,021. The decrease in noncurrent liabilities resulted from decreases of \$1,496,421 in bonds, notes, and debt certificates payable and \$91,119 in compensated absences, as well as an increase of \$389,878 in other long-term liabilities.

Business-Type Activities

The business-type activities' net assets increased by \$154,357. Business-type activities total assets increased \$998,610 and total liabilities increased \$844,253. The increase in total assets includes a \$988,370 increase in capital assets and a \$10,240 increase in current and other assets. The majority of the increase in capital assets occurred in the Water Fund and reflects construction of the water main to provide a permanent connection to the City's water supplier. The increase in total liabilities includes a \$43,328 increase in current liabilities and an \$800,925 increase in noncurrent liabilities. The increase in noncurrent liabilities occurred in the Water Fund and is primarily due to the issuance of \$800,000 in debt to partially fund the water main construction project.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

Changes in Net Assets

The City's combined change in net assets for FY2011 was a decrease of \$1,124,633. Governmental activities saw a decrease in net assets of \$1,278,990, a decline of \$1,516,759 from fiscal year 2010. Business-type activities saw an increase in net assets of \$154,357, a drop of \$803,126 from fiscal year 2010. The table below shows the condensed revenues and expenses of the City's activities.

Table 2: Comparative Changes in Net Assets as of April 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for services	\$ 2,297,405	\$ 2,340,638	\$ 815,258	\$ 631,876	\$ 3,112,663	\$ 2,972,514
Operating and capital grants	990,941	698,934	955,781	-	1,946,722	698,934
General Revenues						
Property taxes	1,765,557	2,100,769	-	-	1,765,557	2,100,769
All other taxes	4,598,063	4,477,824	-	-	4,598,063	4,477,824
Investment income	9,660	10,126	3,126	4,179	12,786	14,305
Joint venture - airport	-	-	-	902,590	-	902,590
Other	188,606	839,343	10,629	16,236	199,235	855,579
Total revenues	9,850,232	10,467,634	1,784,794	1,554,881	11,635,026	12,022,515
Expenses						
General government	2,860,587	3,030,035	-	-	2,860,587	3,030,035
Public safety	4,078,228	4,363,453	-	-	4,078,228	4,363,453
Public works	1,710,818	2,105,904	-	-	1,710,818	2,105,904
Interest	674,241	742,318	-	-	674,241	742,318
Water	-	-	1,287,921	510,322	1,287,921	510,322
Joint venture - airport	-	-	266,657	-	266,657	-
Parking	-	-	64,618	75,231	64,618	75,231
Total expenses	9,323,874	10,241,710	1,619,196	585,553	10,943,070	10,827,263
Excess of revenues over expenses	526,358	225,924	165,598	969,328	691,956	1,195,252
Impairment of land held for resale	(1,816,589)	-	-	-	(1,816,589)	-
Transfers	11,241	11,845	(11,241)	(11,845)	-	-
Change in net assets	(1,278,990)	237,769	154,357	957,483	(1,124,633)	1,195,252
Net Assets - May 1	20,106,270	19,942,610	51,578,557	50,621,074	71,684,827	70,563,684
Restatement	-	(74,109)	-	-	-	(74,109)
Net Assets - May 1 as restated	20,106,270	19,868,501	51,578,557	50,621,074	71,684,827	70,489,575
Net Assets - April 30	\$ 18,827,280	\$ 20,106,270	\$ 51,732,914	\$ 51,578,557	\$ 70,560,194	\$ 71,684,827

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

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 non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market impacts on investment income – The 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 75.7% of the City's General Fund operating costs.

Salary increases (annual adjustments and merit) - The City has three separate bargaining units representing approximately 85% 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.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

Current Year Impacts on Revenues and Expenses

Governmental Activities

Revenues:

For the fiscal year ended April 30, 2011, revenues from governmental activities totaled \$9,850,232, a decrease of \$617,402 from the prior fiscal year.

The City continues to receive the majority of its revenues from income taxes, sales and local use taxes, non-home rule sales taxes, telecommunications and utility taxes, and hotel and other taxes. In fiscal year 2011, these taxes generated a total of \$4,598,063 in revenue for the City, which represented 46.7% of all governmental activity revenues. For fiscal year 2011, these revenues experienced an overall increase of \$120,239, or 2.7%. Most of these tax revenues appear to have stabilized after three or more years of steady decline, with the exception of the telecommunications tax. Revenue increases occurred in sales and local use, non-home rule sales, and hotel taxes with a combined total increase in these revenues of \$197,232. Telecommunications taxes declined for the fourth straight year, with a drop of \$96,126, or 13.9% from the prior year. The City attributes the decline in telecommunications taxes to the elimination of customer land lines in favor of cell phone service and the use of alternative media for Internet access. 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. As such, the City expects a slow recovery in these revenue streams and is projecting a further decline in its population-based revenues, such as income and local use tax, as a result of the decline in population reported in the 2010 Census. *Historical information on the individual tax revenues is presented in Table 6, Tax Revenues by Source – Governmental Funds, located in the Statistical Section at the back of this report.*

At \$1,765,557 and 17.9% of total revenues, property taxes comprise the second largest single source of governmental activity revenue for the City. The total property taxes received included \$665,770 of taxes levied by the City and \$1,099,787 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: \$172,205 in taxes generated by five out of six of the City's special service areas for sanitary system and storm water maintenance, \$242,796 in taxes generated for Special Service Area Six debt service payments, and \$250,769 in taxes generated to assist in funding the City's police pension obligation. In fiscal year 2011, property tax revenues decreased \$335,212, mostly due to a drop in the TIF increment as a result of lower property assessment levels.

The City generates program revenues via charges for services and operating and capital grants. For fiscal year 2011, the total combined revenues generated by these sources were \$3,288,346, which accounted for 33.4% of total governmental activity revenue. For fiscal year 2011, charges for services generated \$2,297,405 in revenue and represented 23.3% of total governmental activity revenue. Charges for services revenue includes licenses (vehicle, business, and liquor), permits for construction-related activity, code-related inspection fees, fines and forfeits, franchise fees, 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.

The operating and capital grants and contributions segment of program revenues includes the City's motor fuel tax allotment, the tourism grant, grants for police operations and equipment, and shared revenues from DEA seizures. For fiscal year 2011, revenue derived from operating and capital grants totaled \$990,941 and represented 10.1% of total governmental activity revenue. Of this total, the City received \$515,403 from the motor fuel tax allotment, \$133,564 from the tourism grant, \$173,767 in police operating and equipment grants, and \$168,207 in police contributions from DEA-shared revenues.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

In FY2011, grant revenue and contributions increased \$292,007 which reflects both additional federal grant funding for public safety, as well as the change in reporting classification of DEA-shared revenues from miscellaneous income to operating contributions.

The remaining governmental activity revenues include investment income and other. For fiscal year 2011, these revenues totaled \$198,266, or 2.0% of total governmental activities revenues. Total revenue derived from these sources decreased by \$651,203 from the prior year, primarily due to the removal of DEA-shared revenues from this reporting category, which totaled \$560,443 last fiscal year.

Expenses:

For the fiscal year ended April 30, 2011, expenses from governmental activities totaled \$9,323,874, which represents a decrease of \$917,836, or 9.0%, 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 2011, expenses for public safety were \$4,078,228, and represented 43.7% of total governmental activity expenses. Public safety expenses decreased \$285,225 from the prior year, which reflects the net impact of decreases in personnel expenses and compensated absences payable as a result of staffing reductions; and increases in the net pension obligation and the other postemployment benefit obligation.

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, Convention and Visitors' Bureau (CVB), liability insurance, utilities, and the solid waste program. For fiscal year 2011, expenses for general government were \$2,860,587, which represented 30.7% of total governmental activities expenses. General government expenses decreased \$169,448 from the prior year, due to personnel reductions at the CVB, decreases in TIF legal fees for litigation, and lower utility costs.

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 2011, expenses for public works totaled \$1,710,818 and represented 18.3% of total governmental activities expenses. The \$395,086 decrease in public works expenses from the prior year reflects personnel reductions in the forestry and drainage departments, as well as decreases in construction activity that occurred last year for the Levee 37 flood wall.

Business-Type Activities

Revenues:

Total revenues for the City's business-type activities for fiscal year 2011 were \$1,784,794.

Business-type activities in the City consist of water operations, parking operations, and the City's joint venture in the Chicago Executive Airport. In fiscal year 2011, \$1,717,664 of program revenue was generated by the water operations and \$53,375 by the parking operation from charges for services and capital grants and contributions. Water program revenues included \$761,883 from charges for services and \$955,781 from capital grants and contributions. The water operations' capital grants and contributions include \$289,016 in grants, \$281,146 in capital contributions, and \$385,619 in reimbursements for third-party asset cost related to the permanent service connection to the City's water supplier.

Expenses:

Total expenses for the City's business-type activities for fiscal year 2011 were \$1,619,196.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

Of the total expenses for business-type activities, \$1,287,921 is attributable to water operations, \$64,618 to parking operations, and \$266,657 in non-operating expense from the City's joint venture in the Chicago Executive Airport.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2011, the Governmental Funds (as presented beginning on page 21) reported a combined fund balance of \$12,673,221, which is a \$910,867, or 6.7%, decrease from the beginning of the year balance of \$13,584,088. Of the total year-end fund balance, \$5,886,633 is unreserved, indicating availability for continuing City services. Reserved fund balances include \$3,058,000 for land held for resale, \$1,783,434 for advances to other funds, \$1,747,639 for debt service, and \$197,515 for risk management and other reserves.

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 \$737,048, or 31.9%, from the beginning of year balance. The City budgeted for a \$48,483 increase in fund balance; however, the additional \$688,565 increase in fund balance reflects \$359,787 in unanticipated revenues, \$305,730 savings in expenditures, and \$23,048 in additional transfers in from the Convention and Visitors' Bureau Fund. Revenues from sales, local use, and income tax exceeded their combined budgets by \$120,740. The primary contributing factors for the additional tax revenue include delays in utilizing the 2010 Census numbers for calculating population-based shared-revenue distributions, along with the state of Illinois' various tax amnesty programs. Additional revenues were also generated by building permits, rental inspections, vehicle stickers and licenses, parking fines, and electric utility taxes. Most of the savings in expenditures reflects unexpended budget amounts due to operational changes and favorable weather conditions. Savings in personnel expenses totaled about \$143,000 across all departments. This savings included unexpended wage and benefit budgets for police operations and snowplowing; savings due to delays in filling the police chief and accounting clerk vacancies; and savings in unemployment compensation. In addition to personnel costs, savings were also realized from unexpended budgets in the areas of vehicle maintenance, forestry, utilities, City Council professional services for audio visual equipment, and liability insurance.

The fund balance of the Palatine/Milwaukee TIF Fund decreased \$227,020 over the beginning of the year fund balance. This decrease reflects the planned use of accumulated fund balance and current year revenues for the early redemption of \$530,000 of the Series 2004 TIF Loan.

The \$140,579 increase in the Motor Fuel Tax Fund balance reflects increased revenue as a result of the Illinois Jobs Now program, combined with reductions in expenditures for road salt and the unexpended capital budget for the shared costs of the sidewalk installation along Milwaukee Avenue. All revenues and any unreserved fund balance have been committed through FY2012 for repayment of the Series 2006A general obligation debt issued to pay for road improvements, as well as for ongoing street maintenance costs provided through the General Fund.

The Development Fund was established to record activity related to the Series 2006 general obligation debt issue and related land acquisition. The land is currently being held for resale. Once sold, the proceeds will be used toward retirement of the outstanding debt. The \$1,843,292 decrease in fund balance reflects ongoing costs for maintenance and utilities, as well as a \$1,816,589 charge for impairment to land held for resale. The value of the land was reduced to reflect the prolonged downturn in commercial real estate values as a result of the economic recession.

The Reconstruction Fund's fund balance remained unchanged from the prior year. This fund was established to track the revenues and expenses related to the April 2006 City Hall fire and subsequent reconstruction. The building was completed and City Hall was reopened in July 2008; however, the fund remains active because an insurance claim is still pending.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

The Special Service Area #6 Construction Fund's fund balance remained relatively unchanged from the prior year. The \$397 increase in fund balance is attributed to interest income. This fund was established to account for the proceeds from the Special Service Area #6 Bonds, Series 2009 issued to extend the City's water system to provide water service to the Lake Claire subdivision homeowners. It is anticipated that the open items remaining on this project will be completed in FY2012 and the fund will be closed.

The Convention and Visitors' Bureau (CVB) Fund balance increased \$115,185 over the prior year. Revenues exceeded expenses by \$270,953, before normal transfers-out of \$155,768. The CVB has a normal transfer out to the General Fund for the City's share of hotel taxes and as reimbursement for administrative and support services. The \$115,185 increase in fund balance resulted from increases in hotel tax revenues combined with savings in budgeted expenses due to personnel changes and unexpended advertising and promotional budgets.

The Facility Construction Fund balance increased \$23,964, primarily due to additional non-home rule sales tax revenue. All revenues have been committed through FY2012 for repayment of the Series 2006A general obligation debt issued to pay for road improvements.

Proprietary Funds

At April 30, 2011, the Enterprise Funds' (as presented beginning on page 26) total net assets increased by \$154,357 over the prior year.

The Water Fund reflected an increase in net assets of \$429,511. This increase was comprised of \$281,146 of capital contributions, \$149,561 of operating income, \$12,738 of net nonoperating revenues, and \$13,934 in transfers out to the General Fund for administrative services. In FY2011, the Water Fund established a new fee structure, including implementation of a monthly customer charge for debt retirement. During FY2011, the City issued \$800,000 in general obligation debt, the proceeds of which were used to construct a water main and provide a permanent connection to its water supplier. The first semiannual payment of interest on this debt is due on June 15, 2011. Operating income includes revenues collected for this debt service payment.

The Airport Fund experienced a \$266,657 decrease in net assets for the year, primarily due to the increase in debt service for the full draw down of the \$2.3 million NE T-hangar construction.

The Parking Fund experienced an \$8,497 decrease in net assets for the year, primarily due to depreciation expense. Parking revenues increased \$10,384 over the prior year, primarily due to an increase in the daily parking fee from \$1.50 to \$1.75. In addition, the City was successful in renegotiating its land lease, the largest operating expense of the parking operation, to reduce its cost for one year. Despite these actions, 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.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

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, several budget amendments were approved by the City Council. The last budget amendment was approved on April 18, 2011.

During fiscal year 2011, the City amended its General Fund budget two times. Table 3 below reflects the original and final amended budget for the General Fund. *More information can be found in the General Fund's schedule of revenues, expenditures, and changes in fund balance on page 75.*

Table 3: General Fund Budgetary Changes
for Fiscal Year 2011

	Original Budget	Final Budget	Actual
Revenues and Other Financing Sources			
Revenues	\$ 5,728,985	\$ 5,737,621	\$ 6,097,408
Transfers in	318,897	325,592	348,640
Total Revenues and Other Financing Sources	6,047,882	6,063,213	6,446,048
Expenditures and Other Financing Uses			
Expenditures	6,136,288	6,000,017	5,694,287
Transfers out	19,881	14,713	14,713
Total Expenditures and Other Financing Uses	6,156,169	6,014,730	5,709,000
Change in Fund Balance	\$ (108,287)	\$ 48,483	\$ 737,048

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

CAPITAL ASSETS

At the end of FY2011, the City had a combined total of \$26,894,332 of capital assets invested in land; equipment; buildings and improvements; vehicles; infrastructure; water facilities and lines; and a commuter lot (see Table 4 below). *The following tables summarize the changes in capital assets, which are presented in detail in Note 5 in the Notes to the Financial Statements.*

Table 4: Capital Assets at Year-End, Net of Depreciation

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	2011	2010	2011	2010	2011	2010
Land (includes rights of way and easements)	\$ 7,706,337	\$ 7,706,337	\$ 102,195	\$ 81,152	\$ 7,808,532	\$ 7,787,489
Construction in progress	-	314,145	-	77,091	-	391,236
Buildings and improvements	4,290,872	4,402,715	1,160,962	926,070	5,451,834	5,328,785
Machinery and equipment	33,601	39,331	-	-	33,601	39,331
Vehicles	279,687	279,977	1,059	1,411	280,746	281,388
Office furniture and equipment	165,778	190,675	-	-	165,778	190,675
Infrastructure	9,601,199	10,388,146	-	-	9,601,199	10,388,146
Water mains	-	-	3,446,842	2,632,364	3,446,842	2,632,364
Water reservoir	-	-	105,800	110,400	105,800	110,400
Total capital assets	<u>\$ 22,077,474</u>	<u>\$ 23,321,326</u>	<u>\$ 4,816,858</u>	<u>\$ 3,828,488</u>	<u>\$ 26,894,332</u>	<u>\$ 27,149,814</u>

For fiscal year 2011, the City's total capital assets, net of depreciation, decreased \$255,482. Capital assets of business-type activities increased \$988,370, primarily due to construction of the permanent water main connection to the City's water supplier; whereas, capital assets of government activities decreased \$1,243,852. Capital assets for governmental activities decreased, despite new acquisitions, due to annual depreciation expense.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

Table 5: Change in Capital Assets

	Governmental Activities 2011	Business-type Activities 2011	Total 2011
Beginning Balance	\$ 23,321,326	\$ 3,828,488	\$ 27,149,814
Additions			
Depreciable	65,069	1,183,969	1,249,038
Nondepreciable	-	21,043	21,043
Retirements			
Depreciable	(6,455)	-	(6,455)
Nondepreciable	(314,145)	(77,091)	(391,236)
Depreciation	(988,321)	(139,551)	(1,127,872)
	<u>\$ 22,077,474</u>	<u>\$ 4,816,858</u>	<u>\$ 26,894,332</u>

This year's additions to capital assets include the following:

Governmental Activities

Purchase of three police vehicles (funded by grant and DEA Seizure funds) - \$65,069

Business-Type Activities

Purchase of easements for permanent water main connection - \$21,043

Water operations improvements (water main, building/system) - \$1,183,969

Subsequent to the close of the fiscal year, the City entered into various contracts relating to road improvements. The City's total commitment under these contracts was \$4,273,761.

Debt Outstanding

The City of Prospect Heights had total long-term debt of \$16,039,277 as of April 30, 2011. Long-term debt is comprised of general obligation debt, tax increment financing loans, special service area bonds, a note payable, 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 7 in the Notes to the Financial Statements.*

Loans outstanding: At April 30, 2011, the City had one tax increment financing (TIF) loan outstanding with a balance of \$2,750,000. The City has pledged the property tax increment generated by the TIF districts for repayment of this loan. This loan originally had a final maturity date of December 1, 2019; however, the City exercised its early redemption option on February 1, 2010 to redeem the full \$425,000 on the bond coupon maturing on December 1, 2019 and then again on April 1, 2011 to redeem the full \$530,000 on the bond coupon maturing on December 1, 2018. As a result of these early redemptions, the final maturity date is now December 1, 2017.

Notes payable outstanding: At April 30, 2011, the City had one note payable outstanding with a balance of \$169,264. The City authorized the issuance of a \$282,107 note payable on February 1, 2010. The purpose of this issuance was to finance the capital costs associated with the Levee 37 flood wall project. The note bears annual interest at a rate that is to be determined based on the Illinois Funds Money Market Fund, and is due on February 1, 2014.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

General obligation debt outstanding: At the end of the year, the City had four general obligation (G.O.) debt issues outstanding with a combined balance of \$7,685,305. 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, 2011, the total debt applicable to this limit was \$7,685,305, well below the \$48,090,505 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 \$2,615,000. 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.

Compensated absences: At the end of the year, compensated absences payable totaled \$264,474, which reflected a decrease of \$90,194 from the prior year. This decrease reflects turnover in personnel and reductions in staffing levels due to attrition and layoffs.

Net pension obligation: As of April 30, 2011, the City's net pension obligation totaled \$1,694,620, which reflected an increase of \$122,312 over the prior year. As of the last valuation date, the Police Pension Fund had a funded ratio of 48.21%. While the City has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 37.9% of the City's FY2011 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 15 in the Notes to the Financial Statements.*

Other postemployment benefit (OPEB) obligations: As of April 30, 2011, the City's net OPEB obligation totaled \$860,614. 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 16 in the Notes to the Financial Statements.*

Subsequent to the close of the fiscal year, the City authorized the issuance of \$5,000,000 in General Obligation Bonds to fund road improvements and \$5,430,000 in Taxable General Obligation Debt Certificates to advance refund the City's outstanding Taxable General Obligation (Capital Appreciation) Debt Certificates, Series 2008A.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City relies almost entirely upon revenues driven by the state of the economy to support its basic services. As a result, in January 2009, the City began working on a strategic financial plan that addressed both its revenue streams and a review of its expenses. As part of the revenue analysis, the City identified that, to stabilize and increase its revenue streams, the burden of funding the City should be shared by the taxpayers, the users of services, and patrons of businesses. Steps taken to increase revenues include the review of existing fees and charges and the implementation of fee increases; establishment of a 1.5% Places for Eating tax; enforcement of existing revenue-generating codes; and collection of outstanding receivables. The City has been unsuccessful in attempts to obtain voter approval to increase its taxing authority. Another action initiated by the City Council to increase revenues has been the establishment of an Economic/Business Development Committee whose mission is to promote and foster economic business development within the community.

The second component of the strategic financial plan encompassed opportunities to reduce or stabilize growth in expenditures. Due to budget reductions over the years, including personnel, the majority of the City's budget is now dedicated to personnel and related benefits. The FY2012 budget adopted on April 18, 2011 included the elimination of the 30-day unpaid furlough of sworn police officers, along with the reduction of six sworn police officers. In addition, the wage freeze and 30-day unpaid furlough implemented during FY2010 remain in effect for all other employees. The City has also budgeted to use a portion of its unrestricted fund balance in the TIF fund for debt reduction, thereby saving on long-term interest expense.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended April 30, 2011

The last component of the strategic financial plan encompassed the need to establish a capital repair and replacement plan to address the City's aging facilities, equipment, and infrastructure, especially the roads. The first hurdle in implementing a plan was being able to fund it. This hurdle was met when the voters approved a \$15 million bond referendum on November 2, 2010 for the payment of local road construction and related maintenance equipment, storm sewer and related drainage projects, and related expenses. The first phase of projects began in Summer 2011 with the issuance of \$5 million in general obligation referendum bonds and the approval of contracts for Phase One road engineering, resurfacing, and pulverization; the purchase of snow removal equipment; and the soliciting of proposals for a drainage study. The remainder of the plan is expected to be funded and implemented over the next two years.

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 Anne E. Marrin, City Administrator, City of Prospect Heights, 8 North Elmhurst Road, Prospect Heights, Illinois 60070.

BASIC FINANCIAL STATEMENTS

City of Prospect Heights, Illinois

Statement of Net Assets

April 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 8,252,649	\$ 1,527,128	\$ 9,779,777
Receivables, net of allowance for uncollectibles:			
Property taxes	1,056,419	-	1,056,419
Intergovernmental	886,851	-	886,851
Other taxes	206,771	-	206,771
Accounts	272,214	317,634	589,848
Accrued interest	36	-	36
Prepaid expenses	81,726	1,454	83,180
Land held for resale	3,058,000	-	3,058,000
Deposits	77,540	-	77,540
Due from fiduciary fund	265	-	265
Internal balances	14,988	(14,988)	-
Internal balances - advances	402,443	(402,443)	-
Investment in joint venture - airport	-	46,407,895	46,407,895
Unamortized bond issuance costs	140,421	-	140,421
Capital assets not being depreciated	7,706,337	102,195	7,808,532
Capital assets, net of accumulated depreciation	<u>14,371,137</u>	<u>4,714,663</u>	<u>19,085,800</u>
 Total assets	 <u>36,527,797</u>	 <u>52,653,538</u>	 <u>89,181,335</u>
LIABILITIES			
Current liabilities:			
Accounts payable	232,142	79,067	311,209
Accrued payroll	124,824	2,188	127,012
Accrued interest	778,500	29,007	807,507
Deposits held	228,191	-	228,191
Unearned revenue	1,107,945	-	1,107,945
Noncurrent liabilities:			
Due within one year	5,865,838	45,362	5,911,200
Due in more than one year	<u>9,363,077</u>	<u>765,000</u>	<u>10,128,077</u>
 Total liabilities	 <u>17,700,517</u>	 <u>920,624</u>	 <u>18,621,141</u>
NET ASSETS			
Investment in capital assets, net of related debt	16,968,210	4,016,858	20,985,068
Restricted for enabling legislation	6,346,248	-	6,346,248
Unrestricted	<u>(4,487,178)</u>	<u>47,716,056</u>	<u>43,228,878</u>
 Total net assets	 <u>\$ 18,827,280</u>	 <u>\$ 51,732,914</u>	 <u>\$ 70,560,194</u>

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Statement of Activities
Year Ended April 30, 2011

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,860,587	\$ 1,908,177	\$ 133,564	\$ -
Public safety	4,078,228	389,228	339,601	2,373
Public works	1,710,818	-	515,403	-
Interest on long-term debt	674,241	-	-	-
Total governmental activities	9,323,874	2,297,405	988,568	2,373
Business-type activities:				
Water	1,287,921	761,883	-	955,781
Airport	-	-	-	-
Parking	64,618	53,375	-	-
Total business-type activities	1,352,539	815,258	-	955,781
Total government	\$ 10,676,413	\$ 3,112,663	\$ 988,568	\$ 958,154

General revenues:

- Local taxes
 - Property
 - Utility
 - Hotel occupancy
 - Other
- Intergovernmental revenues
 - Sales and local use tax
 - Income tax
 - Other intergovernmental taxes
- Joint venture - airport
- Interest
- Miscellaneous
- Impairment of land held for resale
- Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

	Primary Government	
Governmental Activities	Business-type Activities	Total
\$ (818,846)	\$ -	\$ (818,846)
(3,347,026)	-	(3,347,026)
(1,195,415)	-	(1,195,415)
(674,241)	-	(674,241)
(6,035,528)	-	(6,035,528)
-	429,743	429,743
-	-	-
-	(11,243)	(11,243)
-	418,500	418,500
(6,035,528)	418,500	(5,617,028)
1,765,557	-	1,765,557
1,214,510	-	1,214,510
556,317	-	556,317
268,337	-	268,337
1,235,302	-	1,235,302
1,321,848	-	1,321,848
1,749	-	1,749
-	(266,657)	(266,657)
9,660	3,126	12,786
188,606	10,629	199,235
(1,816,589)	-	(1,816,589)
11,241	(11,241)	-
4,756,538	(264,143)	4,492,395
(1,278,990)	154,357	(1,124,633)
20,106,270	51,578,557	71,684,827
\$ 18,827,280	\$ 51,732,914	\$ 70,560,194

City of Prospect Heights, Illinois

Governmental Funds

Balance Sheet

April 30, 2011

	General Fund	Motor Fuel Tax Fund	Convention And Visitors' Bureau Fund	Palatine / Milwaukee TIF Fund
ASSETS				
Cash and investments	\$ 2,710,317	\$ 280,274	\$ 1,208,477	\$ 1,589,412
Receivables, net				
Property taxes	157,778	-	-	694,810
Intergovernmental	715,670	35,255	-	-
Other taxes	206,771	-	-	-
Accounts	149,853	-	73,913	-
Accrued interest	-	-	-	21
Prepaid expenses	43,115	-	2,204	-
Land held for resale	-	-	-	-
Deposits - public entity risk pool	77,540	-	-	-
Due from other funds	34,678	-	-	-
Advances to other funds	693,843	-	529,278	-
Total assets	\$ 4,789,565	\$ 315,529	\$ 1,813,872	\$ 2,284,243
LIABILITIES				
Accounts payable	\$ 167,495	\$ -	\$ 17,760	\$ 5,040
Accrued payroll and related expenditures	118,187	-	6,637	-
Unearned revenue	240,520	-	-	676,770
Deposits held	228,191	-	-	-
Due to other funds	175,959	-	-	-
Advance from other funds	813,583	-	-	-
Total liabilities	1,743,935	-	24,397	681,810
FUND BALANCES (DEFICITS)				
Reserved for:				
Prepaid expenses	43,115	-	2,204	-
Land held for resale	-	-	-	-
Advances to other funds	693,843	-	529,278	-
Debt service	-	-	-	1,602,433
Other	115,789	-	-	-
Unreserved, undesignated reported in				
General fund	2,192,883	-	-	-
Special revenue funds	-	315,529	1,257,993	-
Capital projects funds	-	-	-	-
Total fund balances (deficit)	3,045,630	315,529	1,789,475	1,602,433
Total liabilities and fund balances	\$ 4,789,565	\$ 315,529	\$ 1,813,872	\$ 2,284,243

The accompanying notes are an integral part of this statement.

<u>Development Fund</u>	<u>Facility Construction Fund</u>	<u>Reconstruction Fund</u>	<u>Special Service Area #6 Construction Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 393,759	\$ 60,283	\$ 401	\$ 330,942	\$ 1,678,784	\$ 8,252,649
-	-	-	-	203,831	1,056,419
-	78,524	-	-	113,823	943,272
-	-	-	-	-	206,771
-	-	-	-	48,448	272,214
-	-	-	-	15	36
-	-	-	-	36,407	81,726
3,058,000	-	-	-	-	3,058,000
-	-	-	-	-	77,540
-	-	-	-	175,959	210,637
-	-	-	-	560,313	1,783,434
<u>\$ 3,451,759</u>	<u>\$ 138,807</u>	<u>\$ 401</u>	<u>\$ 330,942</u>	<u>\$ 2,817,580</u>	<u>\$ 15,942,698</u>
\$ 2,812	\$ -	\$ -	\$ 37,192	\$ 1,843	\$ 232,142
-	-	-	-	-	124,824
-	-	-	-	190,655	1,107,945
-	-	-	-	-	228,191
218	-	-	-	19,207	195,384
-	564,516	-	-	2,892	1,380,991
<u>3,030</u>	<u>564,516</u>	<u>-</u>	<u>37,192</u>	<u>214,597</u>	<u>3,269,477</u>
-	-	-	-	36,407	81,726
3,058,000	-	-	-	-	3,058,000
-	-	-	-	560,313	1,783,434
-	-	-	-	145,206	1,747,639
-	-	-	-	-	115,789
-	-	-	-	-	2,192,883
-	-	-	-	1,861,057	3,434,579
390,729	(425,709)	401	293,750	-	259,171
<u>3,448,729</u>	<u>(425,709)</u>	<u>401</u>	<u>293,750</u>	<u>2,602,983</u>	<u>12,673,221</u>
<u>\$ 3,451,759</u>	<u>\$ 138,807</u>	<u>\$ 401</u>	<u>\$ 330,942</u>	<u>\$ 2,817,580</u>	<u>\$ 15,942,698</u>

City of Prospect Heights, Illinois
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
April 30, 2011

Total fund balances - governmental funds	\$ 12,673,221
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the governmental funds.	22,077,474
Long-term liabilities, including TIF notes, general obligation debt certificates payable, special service area bonds, compensated absences, net pension obligations, and net other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(15,285,336)
Accrued interest on long-term debt is not payable from current financial resources.	(778,500)
Unamortized bond issuance costs are recognized over the term of the related issuance.	<u>140,421</u>
Net assets - governmental activities	<u>\$ 18,827,280</u>

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Year Ended April 30, 2011

	General Fund	Motor Fuel Tax Fund	Convention And Visitors' Bureau Fund	Palatine / Milwaukee TIF Fund
Revenues				
Property taxes	\$ 250,769	\$ -	\$ -	\$ 1,099,787
Other taxes	1,482,847	-	556,317	-
Intergovernmental	2,456,698	515,403	133,564	-
Licenses	851,454	-	-	-
Charges for services	502,487	-	-	-
Fines and forfeitures	376,583	-	-	-
Interest income	2,872	336	1,717	1,456
Miscellaneous	173,698	-	1,734	2,752
Total revenues	6,097,408	515,739	693,332	1,103,995
Expenditures				
General government	1,472,603	750	413,220	314,733
Public safety	3,502,926	-	-	-
Public works	529,586	49,005	-	-
Capital outlay	-	-	9,159	-
Debt service				
Principal	105,000	460,000	-	790,000
Interest and fiscal charges	84,172	42,525	-	173,892
Total expenditures	5,694,287	552,280	422,379	1,278,625
Excess (deficiency) of revenues over expenditures	403,121	(36,541)	270,953	(174,630)
Impairment of land held for resale	-	-	-	-
Other financing sources (uses)				
Transfers in	348,640	252,120	-	-
Transfers out	(14,713)	(75,000)	(155,768)	(52,390)
Total other financing sources (uses)	333,927	177,120	(155,768)	(52,390)
Net change in fund balances	737,048	140,579	115,185	(227,020)
Fund balances (deficit)				
Beginning of year	2,308,582	174,950	1,674,290	1,829,453
End of year	\$ 3,045,630	\$ 315,529	\$ 1,789,475	\$ 1,602,433

The accompanying notes are an integral part of this statement.

Development Fund	Facility Construction Fund	Reconstruction Fund	Special Service Area #6 Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 415,001	\$ 1,765,557
-	-	-	-	-	2,039,164
-	275,968	-	-	168,207	3,549,840
-	-	-	-	-	851,454
-	-	-	-	566,881	1,069,368
-	-	-	-	-	376,583
565	116	-	397	2,201	9,660
5,160	-	-	-	125	183,469
<u>5,725</u>	<u>276,084</u>	<u>-</u>	<u>397</u>	<u>1,152,415</u>	<u>9,845,095</u>
32,428	-	-	-	491,054	2,724,788
-	-	-	-	241,459	3,744,385
-	-	-	-	-	578,591
-	-	-	-	3,269	12,428
-	-	-	-	85,000	1,440,000
-	-	-	-	149,833	450,422
<u>32,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>970,615</u>	<u>8,950,614</u>
(26,703)	276,084	-	397	181,800	894,481
<u>1,816,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,816,589</u>
-	-	-	-	-	600,760
-	(252,120)	-	-	(39,528)	(589,519)
-	<u>(252,120)</u>	<u>-</u>	<u>-</u>	<u>(39,528)</u>	<u>11,241</u>
(1,843,292)	23,964	-	397	142,272	(910,867)
<u>5,292,021</u>	<u>(449,673)</u>	<u>401</u>	<u>293,353</u>	<u>2,460,711</u>	<u>13,584,088</u>
<u>\$ 3,448,729</u>	<u>\$ (425,709)</u>	<u>\$ 401</u>	<u>\$ 293,750</u>	<u>\$ 2,602,983</u>	<u>\$ 12,673,221</u>

City of Prospect Heights, Illinois

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances (Deficit) of Governmental Funds to the Statement of Activities
Year Ended April 30, 2011

Net change in fund balances - total governmental funds	\$	(910,867)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(923,252)
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and trade-ins) is to decrease net assets.	(39,454)
--	----------

Capital contributions to business-type activities represent a decrease in net assets of governmental activities	(281,146)
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,440,000
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Decrease in compensated absences payable.	91,119
---	--------

Increase in net pension obligation.	(122,312)
-------------------------------------	-----------

Increase in net other postemployment benefits.	(267,566)
--	-----------

Increase in accrued interest on long-term debt.	(223,819)
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Decrease in unamortized bond issuance costs.	<u>(41,693)</u>
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Change in net assets - governmental activities	\$	<u><u>(1,278,990)</u></u>
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The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Enterprise Funds

Combining Statement of Net Assets

April 30, 2011

	Major Funds			Totals
	Water Fund	Airport Fund	Parking Fund	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,455,565	\$ -	\$ 71,563	\$ 1,527,128
Accounts receivable	317,634	-	-	317,634
Prepaid expenses	1,384	-	70	1,454
Total current assets	1,774,583	-	71,633	1,846,216
Noncurrent assets				
Investment in joint venture - Chicago Executive Airport	-	46,407,895	-	46,407,895
Capital assets not being depreciated	102,195	-	-	102,195
Capital assets, net of accumulated depreciation	3,879,120	-	835,543	4,714,663
Total noncurrent assets	3,981,315	46,407,895	835,543	51,224,753
Total assets	5,755,898	46,407,895	907,176	53,070,969
LIABILITIES				
Current liabilities				
Accounts payable	71,928	-	7,139	79,067
Accrued payroll	2,188	-	-	2,188
Accrued interest	29,007	-	-	29,007
Due to other funds	14,988	-	-	14,988
Advances from other funds	-	-	402,443	402,443
Total current liabilities	118,111	-	409,582	527,693
Noncurrent liabilities				
Compensated absences	10,362	-	-	10,362
Debt certificates	800,000	-	-	800,000
Total liabilities	810,362	-	-	810,362
Total liabilities	928,473	-	409,582	1,338,055
NET ASSETS				
Invested in capital assets	3,181,315	-	835,543	4,016,858
Designated for system maintenance and replacement	478,108	-	-	478,108
Unreserved and undesignated	1,168,002	46,407,895	(337,949)	47,237,948
Total net assets	\$ 4,827,425	\$ 46,407,895	\$ 497,594	\$ 51,732,914

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended April 30, 2011

	Major Funds			Totals
	Water Fund	Airport Fund	Parking Fund	
Operating revenues				
Charges for services	\$ 761,883	\$ -	\$ 53,375	\$ 815,258
Operating expenses, excluding depreciation	504,907	-	32,482	537,389
Excess of operating revenues over operating expenses, before depreciation	256,976	-	20,893	277,869
Depreciation	107,415	-	32,136	139,551
Operating income (loss)	149,561	-	(11,243)	138,318
Nonoperating revenues (expenses)				
Cost of third-party asset	(636,919)	-	-	(636,919)
Reimbursements for third-party asset cost	385,619	-	-	385,619
Interest income	3,126	-	-	3,126
Grant revenue	289,016	-	-	289,016
Miscellaneous	10,576	-	53	10,629
Loss from joint venture	-	(266,657)	-	(266,657)
Interest expense	(13,730)	-	-	(13,730)
Debt issuance costs, net	(24,950)	-	-	(24,950)
Total nonoperating revenues (expenses)	12,738	(266,657)	53	(253,866)
Net income (loss) before contributions and transfers	162,299	(266,657)	(11,190)	(115,548)
Capital contributions	281,146	-	-	281,146
Transfers				
Transfers in	-	-	14,713	14,713
Transfers out	(13,934)	-	(12,020)	(25,954)
Total transfers	(13,934)	-	2,693	(11,241)
Change in net assets	429,511	(266,657)	(8,497)	154,357
Net assets				
Beginning of year	4,397,914	46,674,552	506,091	51,578,557
End of year	\$ 4,827,425	\$ 46,407,895	\$ 497,594	\$ 51,732,914

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Enterprise Funds

Combining Statement of Cash Flows

Year Ended April 30, 2011

	Major Funds			Totals
	Water Fund	Airport Fund	Parking Fund	
Cash flows from operating activities				
Receipts from customers and users	\$ 700,806	\$ -	\$ 53,375	\$ 754,181
Receipts - miscellaneous	10,576	-	53	10,629
Payments to suppliers	(389,220)	-	(38,689)	(427,909)
Payments to employees	(95,688)	-	-	(95,688)
	226,474	-	14,739	241,213
Cash flows from investing activities				
Interest received	3,126	-	-	3,126
Purchases of capital assets	(846,775)	-	-	(846,775)
Payments for third party asset	(636,919)	-	-	(636,919)
Reimbursements for third party asset	385,619	-	-	385,619
	(1,094,949)	-	-	(1,094,949)
Cash flows from capital financing activities				
Proceeds from debt issuance	800,000	-	-	800,000
Interest and debt issuance costs paid	(9,673)	-	-	(9,673)
Grant proceeds	100,000	-	-	100,000
	890,327	-	-	890,327
Cash flows from noncapital financing activities				
Repayment of advances from other funds	(5,623)	-	-	(5,623)
Transfers from other funds	-	-	14,713	14,713
Transfers to other funds	(13,934)	-	(12,020)	(25,954)
	(19,557)	-	2,693	(16,864)

(Continued)

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois
Enterprise Funds
Combining Statement of Cash Flows (Continued)
Year Ended April 30, 2011

	Major Funds			Totals
	Water Fund	Airport Fund	Parking Fund	
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,295	\$ -	\$ 17,432	\$ 19,727
Cash and cash equivalents				
Beginning of year	<u>1,453,270</u>	<u>-</u>	<u>54,131</u>	<u>1,507,401</u>
End of year	<u>\$ 1,455,565</u>	<u>\$ -</u>	<u>\$ 71,563</u>	<u>\$ 1,527,128</u>
Cash flows from operating activities				
Operating income (loss)	\$ 149,561	\$ -	\$ (11,243)	\$ 138,318
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	107,415	-	32,136	139,551
Receipts - miscellaneous	10,576	-	53	10,629
Changes in assets and liabilities				
Accounts receivable	(61,077)	-	-	(61,077)
Prepaid expenses	(1,384)	-	(70)	(1,454)
Accounts payable	20,395	-	(6,137)	14,258
Accrued payroll	63	-	-	63
Compensated absences	925	-	-	925
Net cash provided by operating activities	<u>\$ 226,474</u>	<u>\$ -</u>	<u>\$ 14,739</u>	<u>\$ 241,213</u>
Supplemental disclosure of noncash transactions				
Loss from joint venture	<u>\$ -</u>	<u>\$ (266,657)</u>	<u>\$ -</u>	<u>\$ (266,657)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Fiduciary Fund - Police Pension

Statement of Plan Net Assets

April 30, 2011

ASSETS

Cash and cash equivalents	\$ 292,306
Investments (at fair value)	
U.S. Government and Agency Securities	4,186,702
Mutual funds	4,602,885
Accrued interest	33,204
Prepaid expenses	<u>1,940</u>
 Total assets	 <u>9,117,037</u>

LIABILITIES

Accounts payable	3,020
Due to other funds	<u>265</u>
 Total liabilities	 <u>3,285</u>

PLAN NET ASSETS

Plan net assets held in trust for pension benefits	\$ <u><u>9,113,752</u></u>
--	----------------------------

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois

Fiduciary Fund - Police Pension
Statement of Changes in Plan Net Assets
Year Ended April 30, 2011

Additions	
Contributions	
Employer	\$ 661,555
Plan members	<u>157,975</u>
Total contributions	<u>819,530</u>
Investment income	
Interest	128,546
Dividends	54,673
Net increase in fair value	<u>624,318</u>
Total investment income	<u>807,537</u>
Total additions	<u>1,627,067</u>
Deductions	
Administration	
Fees	46,347
Disability and pension benefit payments	<u>134,002</u>
Total deductions	<u>180,349</u>
Net increase in plan net assets	1,446,718
Plan net assets held in trust for pension benefits	
Beginning of year	<u>7,667,034</u>
End of year	\$ <u><u>9,113,752</u></u>

The accompanying notes are an integral part of this statement.

City of Prospect Heights, Illinois
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April 30, 2011

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City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Prospect Heights, Illinois (City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting principles are described below.

A. Reporting Entity

The City of Prospect Heights (City) was incorporated in 1976. The City is a municipal corporation governed by an elected mayor and five aldermen. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, health, social and cultural services, water, public improvements, planning and zoning, and general administrative services. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of its operational or financial relationships with the primary government. No entities met the requirements to be reported as a component unit.

Joint Ventures

Solid Waste Agency of Northern Cook County (SWANCC)

The City is a participant with 22 other municipalities in this joint venture. SWANCC is a municipal corporation empowered to plan, finance, construct, and operate a solid waste disposal system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. SWANCC is reported as a proprietary joint venture. Additional required disclosures may be found in the "Contingencies and Commitments" and "Joint Ventures" notes to the financial statements.

Chicago Executive Airport

The City is a participant with the Village of Wheeling, Illinois, in this joint venture. The Chicago Executive Airport is an intergovernmental cooperative empowered to acquire, organize, operate, and maintain a general aviation airport to serve its member municipalities and other potential airport customers. Management consists of an Airport Manager, who reports to the Chairman of the Chicago Executive Airport Board of Directors. The Chairman is appointed by the Board of Directors and does not have to be a member of either municipality.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Joint Ventures (Continued)

Chicago Executive Airport (Continued)

The Board of Directors consists of five members in addition to the Chairman. The Mayor of Prospect Heights and the Village President of Wheeling, respectively, appoint board members from their communities with the consent of the City Council and Village Board for three-year terms. The Prospect Heights City Administrator and Wheeling Village Manager are standing members. The Board is responsible for providing direction on policy issues to the Airport Manager. The Chairman has no vote other than in case of a tie.

Upon dissolution of the intergovernmental agreement, the municipalities shall dispose of all property after paying all outstanding obligations. The Chicago Executive Airport is reported as a proprietary joint venture. Additional required disclosures may be found in the "Contingencies and Commitments" and "Joint Ventures" notes to the financial statements.

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements, along with the aggregate nonmajor funds. Nonmajor funds are reported individually in the supplemental information.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The City uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types".

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, a pension trust fund is used. The City maintains a Police Pension Fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the fiduciary fund - Police Pension Fund statements. Fiduciary funds - agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Property taxes are recognized as revenues in the fiscal year for which they are levied. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For this purpose, the City considers property taxes as available if they are collected within 60 days of the end of the current fiscal period. A six-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest, and charges for services. Sales, income, replacement, and motor fuel taxes collected and held by the state at year-end on behalf of the City also are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Motor Fuel Tax Fund* accounts for maintenance and various street improvements in the City. Financing is provided by the City's share of Motor Fuel Tax allotments. Compiled state statutes require those allotments to be used to maintain streets.
- The *Convention and Visitors' Bureau Fund* accounts for the collection of hotel and motel taxes and operations relating to tourism.
- The *Palatine/Milwaukee TIF Fund* accounts for debt service and other operations associated with the Palatine Road and Milwaukee Avenue area improvements.
- The *Development Fund* accounts for land held for resale in a former TIF district and related activities.
- The *Facility Construction Fund* is used to account for the construction cost of infrastructure improvements.
- The *Reconstruction Fund* is used to account for the reconstruction of the City Hall.
- The *Special Service Area #6 Construction Fund* accounts for the extension of the City's water main to provide water service to the Lake Claire subdivision homeowners.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accrual basis of accounting is utilized by proprietary fund types and the pension fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. For example, unbilled water revenue of the Water Fund is recognized as earned when the water is consumed.

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

The City's proprietary funds apply all applicable GASB pronouncements and all Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case GASB prevails.

The City reports the following major proprietary funds:

- The *Water Fund* accounts for the provision of potable water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.
- The *Airport Fund* accounts for the City's equity investment in the Chicago Executive Airport.
- The *Parking Fund* accounts for the provision of commuter parking. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and financing.

Additionally, the City reports the following fiduciary fund:

- The *Police Pension Fund* accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by sworn police officers at rates fixed by law and the City at amounts determined by an annual actuarial study.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports unearned revenue on its financial statements. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

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.

E. Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments consist of mutual funds, U.S. Government Agency Securities, and U.S. Treasury Notes. All investments with a maturity over one year are stated at fair value, determined based on quoted market prices.

G. Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as: sales, income, motor fuel, and hotel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary nonexchange transaction receivables (such as: mandates or grants) are recognized when all eligibility requirements have been met.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Land Held for Resale

The City reevaluates the value of the land held for resale on an annual basis. Based on current market conditions, the City determined that a permanent reduction in value had occurred as of April 30, 2011. A valuation adjustment of \$1,816,589 was recorded in fiscal year 2011 in the Development Fund.

I. Due to/from Other Funds (Internal Balances)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the financial statements and are noninterest-bearing.

J. Advances to/from Other Funds (Internal Balances - Advances)

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account in the governmental funds, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost in excess of a certain threshold, as shown below, and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method. The following capitalization thresholds and estimated useful lives are used:

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

<u>Description</u>	<u>Threshold</u> <u>(\$)</u>	<u>Useful Life</u> <u>(years)</u>
Machinery and equipment	20,000	10 - 25
Vehicles	10,000	10 - 25
Office furniture and equipment	20,000	10
Buildings and improvements	50,000	25 - 50
Streets	200,000	30
Levee	50,000	50
Bridges	200,000	100
Street lights	50,000	50
Sidewalks	50,000	40
Sanitary sewers	10,000	40
Storm sewers	10,000	35 - 50
Water mains	10,000	50
Water reservoir	10,000	50

L. Compensated Absences

Vested or accumulated vacation leave, including related Social Security, Medicare, and the City's share of pension costs for IMRF, that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Compensated absences are reported in governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement).

In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of 25 working days. Employees, upon termination, are reimbursed for sick pay if unused sick leave exceeds a minimum of 60 days. An employee having a minimum of 60 days and not more than 119 days of sick leave accrued will receive compensation equal to 20% of all days accrued at the current pay rate. An employee having a minimum of 120 days to an unlimited maximum of sick leave accrued will receive compensation equal to 40% of all days accrued at the current pay rate. The General Fund has been used in prior years to liquidate the liability for compensated absences.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that are subject to change.

Fund balance reserved for - Other in the General Fund comprises the following:

Narcotics	\$	4,891
Seized assets		31,704
Evidence room		1,654
Risk management		<u>77,540</u>
	\$	<u><u>115,789</u></u>

O. Interfund Transactions

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

P. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 2 - LEGAL COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances

The following funds had a deficit in fund balance as of April 30, 2011:

<u>Fund</u>	<u>Deficit Balance</u>
Facility Construction Fund ¹	\$ (425,709)
Levee Wall Fund ²	(2,892)

- 1 All revenues generated by the Facility Construction Fund have been committed through fiscal year 2012 for the repayment of debt issued in 2006 to complete road and infrastructure improvements.
- 2 The City is investigating either the establishment of a new special service area to address the construction of Levee 37 or else the use of Special Service Area #5, the purpose of which is storm water management, to fund the levee project and ultimately absorb this deficit.

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

One element of the reconciliation of the balance sheet of governmental funds to the statement of net assets explains that "Long-term liabilities, including TIF notes, general obligation debt certificates payable, special service area bonds, compensated absences, net pension obligations, and net other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds." The details of this difference are as follows:

TIF notes, G.O. bonds, special service area bonds, and note payable	\$ 12,419,569
Compensated absences	254,112
Net other postemployment benefit obligation	860,614
Net pension obligation	<u>1,694,620</u>
Total long-term liabilities	15,228,915
Repayment of note payable, due from other government	<u>56,421</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 15,285,336</u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) and the Government-Wide Statement of Activities

One element of the reconciliation of the statement of revenues, expenditures, and changes in fund balances (deficits) of governmental funds to the statement of activities explains that "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." The details of this difference are as follows:

Capital outlay	\$	65,069
Depreciation expense		<u>(988,321)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities	\$	<u><u>(923,252)</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by most funds, except the Police Pension Fund. Each fund type's portion of this pool is displayed on the combined statement of net assets as "cash and investments". In addition, investments are separately held by several of the City's funds. The deposits and investments of the Police Pension Fund are held separately from those of other funds.

State statutes and the City's investment policy allow the City to make deposits 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 agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds Investment Pool. Pension funds may also invest in certain non-U.S. obligations, obligations of the state of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts.

The following is a reconciliation of deposits and investments between the table below and the entity-wide statement of net assets:

		<u>City</u>
Investments	\$	6,440,150
Deposits		3,334,307
Cash on hand		<u>5,320</u>
Total deposits and investments per the entity-wide statement of net assets	\$	<u><u>9,779,777</u></u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

At April 30, 2011, the City had the following investments, all of which have a maturity of less than one year:

Investment Type				
The Illinois Funds Money Market	\$		5,828,882	
Other Money Market Accounts			611,268	
	\$		<u>6,440,150</u>	

The following is a summary of deposits and investments in the Police Pension Fund:

		Police Pension Fund	
Deposits (cash and cash equivalents per the statement of plan net assets)	\$	292,306	
Investments per the statement of plan net assets			
U.S. Government and Agency Securities		4,186,702	
Mutual Funds		4,602,885	
Total investments		<u>8,789,587</u>	
	\$	<u>9,081,893</u>	

At April 30, 2011, the Police Pension fund had the following investments and maturities:

Investment Type	Maturity			
	Less than 1	1 - 5	5 - 10	More than 10
U.S. Government Agency Obligations	\$ 611,167	\$ 2,287,520	\$ 339,017	\$ -
U.S. Treasury Notes	-	152,296	640,020	156,682
Mutual Funds	4,602,885	-	-	-
	<u>\$ 5,214,052</u>	<u>\$ 2,439,816</u>	<u>\$ 979,037</u>	<u>\$ 156,682</u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

The City's investment policy generally limits investment maturities to a maximum of three years as a means of managing its exposure to fair value losses arising from increased interest rates. The objective is to maintain a core portfolio with maturities of less than one year. The Police Pension Fund's investment policy does not limit investment maturities.

Credit Risk

State law and the City's investment policy limit investments in commercial paper, corporate bonds, and mutual bond funds to the two top ratings issued by nationally recognized statistical rating organizations. As of April 30, 2011, The Illinois Funds Money Market was rated AAAM and the U.S. Government and its Agencies (Federal Home Loan Bank and Federal Home Loan Mortgage Corporation) were rated AAA by Standard and Poor's. On August 5, 2011 Standards and Poor's downgraded U.S. Government and Agency obligations to a rating of AA+. The Police Pension Fund's investment policy is consistent with the Illinois Pension Code in terms of the types of investments allowed, but also prohibits short selling, margin transactions, futures or option contracts, reverse repurchase agreements, repurchase agreements, and borrowing and lending agreements.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in an overconcentration in a security, maturity, issuer, or class of securities. It is the policy of the Police Pension Fund that investments in equity securities shall constitute no more than 45% and no less than 10%, fixed income securities shall constitute no less than 55%, and cash and cash equivalents shall constitute no more than 10% and no less than 5% of the total investment portfolio.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011 was as follows:

A. <u>Governmental Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 2,107,040	\$ -	\$ -	\$ 2,107,040
Rights of way	5,557,297	-	-	5,557,297
Easements	42,000	-	-	42,000
Construction in progress	314,145	-	314,145	-
Total capital assets not being depreciated	<u>8,020,482</u>	<u>-</u>	<u>314,145</u>	<u>7,706,337</u>
Capital assets being depreciated				
Machinery and equipment	132,494	-	-	132,494
Vehicles	901,358	65,069	70,176	896,251
Office furniture and equipment	248,969	-	-	248,969
Buildings and improvements	5,361,015	-	-	5,361,015
Infrastructure				
Streets	20,489,192	-	-	20,489,192
Levee	282,107	-	-	282,107
Bridges	34,354	-	-	34,354
Street lights	50,732	-	-	50,732
Sidewalks	305,101	-	-	305,101
Sanitary sewers	980,259	-	-	980,259
Storm sewers	4,749,266	-	-	4,749,266
Total capital assets being depreciated	<u>33,534,847</u>	<u>65,069</u>	<u>70,176</u>	<u>33,529,740</u>
Less accumulated depreciation for				
Machinery and equipment	93,163	5,730	-	98,893
Vehicles	621,381	58,904	63,721	616,564
Office furniture and equipment	58,294	24,897	-	83,191
Buildings and improvements	958,300	111,843	-	1,070,143
Infrastructure				
Streets	13,432,762	626,235	-	14,058,997
Levee	5,642	5,642	-	11,284
Bridges	12,290	344	-	12,634
Street lights	24,128	1,015	-	25,143
Sidewalks	206,765	7,628	-	214,393
Sanitary sewers	759,827	24,506	-	784,333
Storm sewers	2,061,451	121,577	-	2,183,028
Total accumulated depreciation	<u>18,234,003</u>	<u>988,321</u>	<u>63,721</u>	<u>19,158,603</u>
Total capital assets being depreciated, net	<u>15,300,844</u>	<u>(923,252)</u>	<u>6,455</u>	<u>14,371,137</u>
Governmental activities capital assets, net	<u>\$ 23,321,326</u>	<u>\$ (923,252)</u>	<u>\$ 320,600</u>	<u>\$ 22,077,474</u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 5 - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
B. Business-type Activities				
Capital assets not being depreciated				
Land	\$ 27,367	\$ -	\$ -	\$ 27,367
Easements	53,785	21,043	-	74,828
Construction in progress	77,091	-	77,091	-
Total capital assets not being depreciated	158,243	21,043	77,091	102,195
Capital assets being depreciated				
Buildings and improvements	1,620,643	281,146	-	1,901,789
Vehicles	3,524	-	-	3,524
Water mains	3,514,422	902,823	-	4,417,245
Water reservoir	230,000	-	-	230,000
Office furniture and equipment	158,381	-	-	158,381
Total capital assets being depreciated	5,526,970	1,183,969	-	6,710,939
Less accumulated depreciation for:				
Buildings and improvements	694,573	46,254	-	740,827
Vehicles	2,113	352	-	2,465
Water mains	882,058	88,345	-	970,403
Water reservoir	119,600	4,600	-	124,200
Furniture and equipment	158,381	-	-	158,381
Total accumulated depreciation	1,856,725	139,551	-	1,996,276
Total capital assets being depreciated, net	3,670,245	1,044,418	-	4,714,663
Business-type activities capital assets, net	\$ 3,828,488	1,065,461	\$ 77,091	\$ 4,816,858

C. Depreciation Expense

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Activities	Business-type Activities
General government	\$ 88,641	\$ -
Public safety	80,722	-
Public works	818,958	-
Water	-	107,415
Parking	-	32,136
Total depreciation	\$ 988,321	\$ 139,551

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 6 - RISK MANAGEMENT

Intergovernmental Risk Management Agency (IRMA)

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence. IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

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

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the bylaws of IRMA, experience modification factors based on past member loss experience, and optional deductible credits. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The City had a member's reserve of \$155,257 and excess surplus of \$77,540 at April 30, 2011.

For the year ended December 31, 2010, IRMA had a total equity of \$58,615,521. The City's payments for the year ended April 30, 2011 totaled \$337,009.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 7 - LONG-TERM DEBT

A. Summary of Long-Term Debt

The following is a summary of long-term debt activity for the City during the fiscal year:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Palatine/Milwaukee TIF notes	\$ 3,540,000	\$ -	\$ 790,000	\$ 2,750,000	\$ 310,000
General obligation debt certificates	7,450,305	-	565,000	6,885,305	5,155,305
Special service area bonds	2,700,000	-	85,000	2,615,000	90,000
Note payable	225,685	-	56,421	169,264	56,421
Compensated absences payable	345,231	254,112	345,231	254,112	254,112
Net pension obligation	1,572,308	783,867	661,555	1,694,620	-
Net other postemployment benefit obligation	<u>593,048</u>	<u>328,813</u>	<u>61,247</u>	<u>860,614</u>	<u>-</u>
Total governmental activities	<u>\$ 16,426,577</u>	<u>\$ 1,366,792</u>	<u>\$ 2,564,454</u>	<u>\$ 15,228,915</u>	<u>\$ 5,865,838</u>
<u>Business-type activities</u>					
General obligation debt certificates	\$ -	\$ 800,000	\$ -	\$ 800,000	\$ 35,000
Compensated absences payable	<u>9,437</u>	<u>10,362</u>	<u>9,437</u>	<u>10,362</u>	<u>10,362</u>
	<u>\$ 9,437</u>	<u>\$ 810,362</u>	<u>\$ 9,437</u>	<u>\$ 810,362</u>	<u>\$ 45,362</u>

Compensated absences are expected to be paid out within one year and, accordingly, have been presented as noncurrent liabilities due within one year.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 7 - LONG-TERM DEBT (Continued)

B. Long-Term Debt - Terms and Maturities

1. Palatine/Milwaukee TIF Notes

The City authorized \$5,225,000 of notes (Series 2004) to refund certain other notes on April 13, 2004. The notes bear annual interest ranging from 4.40% to 4.90% and are due annually in various amounts through December 1, 2017. Interest on the notes is payable semiannually through December 1, 2017. On April 1, 2011, the City early-refunded \$530,000 of principal that was due on December 1, 2018. The outstanding principal balance was \$2,750,000 at April 30, 2011.

2. General Obligation Debt Certificates

The City authorized \$2,220,000 of General Obligation Debt Certificates (Series 2006A) on August 1, 2006. The purpose of this issuance was to finance capital road improvements in the City. The notes bear annual interest at 4.5% and are due annually in various amounts through December 15, 2011. Interest on the notes is payable semiannually through December 15, 2011. The outstanding principal balance was \$485,000 at April 30, 2011.

The City authorized \$2,045,000 of General Obligation Debt Certificates (Series 2008) on March 25, 2008. The purpose of this issuance was to finance certain capital improvements in the City. The notes bear annual interest at 4.327% and are due annually in various amounts through December 15, 2023. Interest on the notes is payable semiannually through December 15, 2023. The outstanding principal balance was \$1,840,000 at April 30, 2011.

The City authorized \$4,560,305 General Obligation Taxable Debt Certificates (Series 2008A) on November 12, 2008. The purpose of this issuance was to repay all outstanding principal and interest on the General Obligation Taxable Debt Certificates (Series 2006). The notes bear annual interest at 5.25% and are due on December 1, 2011. Interest on the notes is also due on December 1, 2011. The outstanding principal balance was \$4,560,305 at April 30, 2011.

The City authorized \$800,000 General Obligation Debt Certificates, Series 2010 on July 1, 2010. The purpose of this issuance was to finance a portion of the water main capital construction costs. The notes bear annual interest at rates between 4% and 5.2% and are due annually in various amounts from December 15, 2011 through 2024. Interest is due semiannually from June 15, 2011 through December 15, 2024. The outstanding principal balance was \$800,000 at April 30, 2011.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 7 - LONG-TERM DEBT (Continued)

B. Long-Term Debt - Terms and Maturities (Continued)

3. Special Service Area Bonds

The City authorized \$2,800,000 Special Service Area Number 6 (Series 2009) bonds on January 29, 2009. The purpose of this issuance was to finance the water main capital construction and road capital improvements within the Lake Claire Special Service Area. The notes bear annual interest at rates ranging from 4% to 6.25% and are due on December 15, 2028. Interest on the notes is due semiannually through December 15, 2028. The outstanding principal balance was \$2,615,000 at April 30, 2011.

4. Note Payable

The City authorized the issuance of a \$282,107 note payable on February 1, 2010. The purpose of this issuance was to finance capital costs associated with the Levee 37 project. The note bears annual interest at a rate that is to be determined based on the Illinois Funds Money Market Fund and is due on February 1, 2014. The outstanding principal balance was \$169,264 at April 30, 2011.

5. Annual Debt Service Requirements to Maturity

Fiscal Year Ending April 30	<u>Governmental Activities</u>		<u>Business-Type Activities / Enterprise Funds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,611,726	\$ 1,157,649	\$ 35,000	\$ 50,813
2013	591,421	332,130	50,000	33,510
2014	616,422	308,764	50,000	31,510
2015	620,000	283,926	50,000	29,510
2016	660,000	256,134	50,000	27,510
2017-2021	2,310,000	838,360	285,000	105,230
2022-2026	1,365,000	404,370	280,000	35,810
2027-2029	645,000	82,500	-	-
	<u>\$ 12,419,569</u>	<u>\$ 3,663,833</u>	<u>\$ 800,000</u>	<u>\$ 313,893</u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES (INTERNAL BALANCES)

Interfund receivables and payables arise when one fund pays an expenditure or collects a revenue on behalf of another fund.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Governmental Funds</u>		
Major Governmental Funds		
General Fund		
Development Fund	\$ 218	\$ -
Nonmajor governmental funds		
SWANCC Fund	-	175,959
DEA Seizure Fund	19,207	-
Water Fund	14,988	-
Police Pension Fund	265	-
	<u>34,678</u>	<u>175,959</u>
Development Fund		
General Fund	-	218
Nonmajor Governmental Funds		
SWANCC Fund		
General Fund	<u>175,959</u>	<u>-</u>
DEA Seizure Fund		
General Fund	<u>-</u>	<u>19,207</u>
Total governmental funds	<u>210,637</u>	<u>195,384</u>
<u>Enterprise Fund</u>		
Water Fund		
General Fund	<u>-</u>	<u>14,988</u>
Total enterprise fund	<u>-</u>	<u>14,988</u>

(Continued)

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES (INTERNAL BALANCES) (Continued)

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Fiduciary Fund</u>		
Police Pension Fund		
General Fund	\$ -	\$ 265
Total fiduciary fund	-	265
Total due to/from other funds	210,637	210,637
Less amounts eliminated or reclassified under GASB 34	<u>(195,649)</u>	<u>(195,649)</u>
Internal balances	<u>\$ 14,988</u>	<u>\$ 14,988</u>

NOTE 9 - INTERFUND ADVANCES (INTERNAL BALANCES - ADVANCES)

Interfund advances arise when interfund receivables and payables exist which management does not intend to reimburse within a period of one year. The details of the reported internal balances are as follows:

	<u>Advances To</u>	<u>Advances From</u>
<u>Governmental Funds</u>		
Major Governmental Funds		
General Fund		
Convention and Visitors' Bureau Fund	\$ -	\$ 253,270
Facility Construction Fund	288,508	-
Nonmajor Governmental Funds		
Special Service Area # 3 Fund	-	214,190
Special Service Area # 4 Fund	-	121,002
Special Service Area # 5 Fund	-	225,121
Levee Wall Fund	2,892	
Parking Fund	<u>402,443</u>	-
Total General Fund	<u>693,843</u>	<u>813,583</u>

(Continued)

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 9 - INTERFUND ADVANCES (INTERNAL BALANCES - ADVANCES) (Continued)

	<u>Advances To</u>	<u>Advances From</u>
<u>Governmental Funds</u> (Continued)		
Convention and Visitors' Bureau Fund		
General Fund	\$ 253,270	\$ -
Facility Construction Fund	<u>276,008</u>	<u>-</u>
Total Convention and Visitor's Bureau Fund	<u>529,278</u>	<u>-</u>
Facility Construction Fund		
General Fund	-	288,508
Convention and Visitors' Bureau Fund	<u>-</u>	<u>276,008</u>
Total Facility Construction Fund	<u>-</u>	<u>564,516</u>
Nonmajor Governmental Funds		
Special Service Area # 3 Fund		
General Fund	<u>214,190</u>	<u>-</u>
Special Service Area # 4 Fund		
General Fund	<u>121,002</u>	<u>-</u>
Special Service Area # 5 Fund		
General Fund	<u>225,121</u>	<u>-</u>
Levee Wall Fund		
General Fund	<u>-</u>	<u>2,892</u>
Total nonmajor governmental funds	<u>560,313</u>	<u>2,892</u>
Total governmental funds	<u>1,783,434</u>	<u>1,380,991</u>

(Continued)

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 9 - INTERFUND ADVANCES (INTERNAL BALANCES - ADVANCES) (Continued)

	<u>Advances To</u>	<u>Advances From</u>
<u>Enterprise Fund</u>		
Parking Fund		
General Fund	\$ -	\$ 402,443
Total enterprise fund	<u>-</u>	<u>402,443</u>
Total interfund advances	1,783,434	1,783,434
Less amounts eliminated under GASB 34	<u>(1,380,991)</u>	<u>(1,380,991)</u>
Internal balances - advances	<u>\$ 402,443</u>	<u>\$ 402,443</u>

NOTE 10 - INTERFUND TRANSFERS

The principal purpose of the City's interfund transfers is to reimburse those funds that incur external expenditures on behalf of other funds. The details of the interfund transfers are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Governmental Funds</u>		
General Fund		
Motor Fuel Tax Fund	\$ 75,000	\$ -
Convention and Visitors' Bureau Fund	155,768	-
Palatine/Milwaukee TIF Fund	52,390	-
Nonmajor Governmental Funds		
Special Service Area # 1 Fund	5,692	-
Special Service Area # 2 Fund	4,427	-
Special Service Area # 3 Fund	16,681	-
Special Service Area # 4 Fund	4,822	-
Special Service Area # 5 Fund	7,906	-
Water Fund	13,934	-
Parking Fund	12,020	14,713
Total General Fund	<u>348,640</u>	<u>14,713</u>

(Continued)

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 10 - INTERFUND TRANSFERS (Continued)

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Governmental Funds</u> (Continued)		
Motor Fuel Tax Fund		
General Fund	\$ -	\$ 75,000
Facility Construction Fund	252,120	-
Total Motor Fuel Tax Fund	<u>252,120</u>	<u>75,000</u>
Convention and Visitors' Bureau Fund		
General Fund	-	155,768
Palatine/Milwaukee TIF Fund		
General Fund	-	52,390
Facility Construction Fund		
Motor Fuel Tax Fund	-	252,120
Nonmajor Governmental Funds		
Special Service Area # 1 Fund		
General Fund	-	5,692
Special Service Area # 2 Fund		
General Fund	-	4,427
Special Service Area # 3 Fund		
General Fund	-	16,681
Special Service Area # 4 Fund		
General Fund	-	4,822
Special Service Area # 5 Fund		
General Fund	-	7,906
Total nonmajor governmental funds	<u>-</u>	<u>39,528</u>
Total governmental funds	<u>600,760</u>	<u>589,519</u>
<u>Enterprise Funds</u>		
Water Fund		
General Fund	-	13,934

(Continued)

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 10 - INTERFUND TRANSFERS (Continued)

<u>Enterprise Funds</u> (Continued)	<u>Transfer In</u>	<u>Transfer Out</u>
Parking Fund		
General Fund	\$ <u>14,713</u>	\$ <u>12,020</u>
Total enterprise funds	<u>14,713</u>	<u>25,954</u>
Total interfund transfers	615,473	615,473
Less amounts eliminated or reclassified under GASB 34	<u>(604,232)</u>	<u>(604,232)</u>
Transfers	\$ <u><u>11,241</u></u>	\$ <u><u>11,241</u></u>

NOTE 11 - RESTRICTIONS FOR ENABLING LEGISLATION

The government-wide statement of net assets reports \$6,346,248 of net assets restricted by enabling legislation which consists of the following:

<u>Enabling Legislation Restrictions</u>	<u>Amount</u>
Motor Fuel taxes	\$ 315,529
Hotel taxes	1,789,475
Palatine/Milwaukee TIF District	1,602,433
DEA seizure monies	482,826
Special Service Area # 1	108,263
Special Service Area # 2	184,451
Special Service Area # 3	627,736
Special Service Area # 4	208,734
Special Service Area # 5	587,845
Special Service Area # 6	<u>438,956</u>
Total restrictions for enabling legislation	\$ <u><u>6,346,248</u></u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 12 - CONTINGENT LIABILITIES

A. Solid Waste Agency of Northern Cook County (SWANCC)

The City has committed to pay its share of the annual operating costs and fixed costs of the Solid Waste Agency of Northern Cook County (the "Agency"). The City's share of dual costs is expected to be funded through 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.

The Agency 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 this contract is unconditional and irrevocable, without regard to performance or nonperformance by the Agency of its obligations under this contract. Payments to SWANCC totaled \$469,791 for the year ended April 30, 2011.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Litigation

The City is party to various matters involving labor arbitration, disputes and/or litigation. While it is not possible at this time to determine the outcome of these matters, management believes that the ultimate liability, if any, will not be material to the financial statements.

NOTE 13 - JOINT VENTURES

A. 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.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 13 - JOINT VENTURES (Continued)

A. Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

The percentage share of the City, based on a formula contained in the agency agreement, as of April 30, 2011, is 2.81%. This percentage share is subject to change in future years based on the population 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 the by-laws. Complete financial statements are available from the Solid Waste Agency of Northern Cook County, 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

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

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 13 - JOINT VENTURES (Continued)

B. Chicago Executive Airport (Continued)

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 any land acquisition. The Board acts primarily in a "management" capacity. Complete financial statements are available from the Chicago Executive Airport, 1020 South Plant Road, Wheeling, Illinois 60090.

At April 30, 2011, the City's proportionate shares of equity and net loss were \$46,407,895 and \$266,657, respectively.

The City made no payments to the Airport for the year ended April 30, 2011.

NOTE 14 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. All assets and income of the plan are held by a third party for the exclusive benefit of plan participants and their beneficiaries. The plan is not considered part of the City's financial reporting entity.

The City and its agent have no liability for losses under the plan, but do have the duty of care that would be required of an ordinary prudent investor.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS

The City maintains a single-employer retirement plan established by state statute for the City's police officers. The City also participates in the Illinois Municipal Retirement Fund (IMRF), a statewide multiple-employer public employee retirement system which acts as investment and administrative agent. The IMRF plan covers substantially all of the City's employees other than police officers.

A. Illinois Municipal Retirement

Plan Description. The City's defined benefit pension plan provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent, multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at ww.imrf.org.

Funding Policy. As set by statute, employees are required to contribute 4.5% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2010 was 11.75%. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2010 was \$121,824.

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/11	\$ 121,824	100%	\$ -
4/30/10	241,979	100%	-
4/30/09	264,450	100%	-

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Illinois Municipal Retirement (Continued)

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage projected payroll on an open 30-year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was 78.77% funded. The actuarial accrued liability for benefits was \$4,013,292 and the actuarial value of assets was \$3,161,352, resulting in an underfunded actuarial accrued liability (UAAL) of \$851,940. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,036,798 and the ratio of the UAAL to the covered payroll was 82%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Police Pension

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit, single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (Chapter 40-Article 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. No separate report is issued for the plan. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2011 was \$1,833,147. At April 30, 2011, the Police Pension Plan membership consisted of:

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Police Pension (Continued)

<u>Membership Categories</u>	<u>Members</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	4
Active plan members	<u>15</u>
Total Police Pension Plan membership	<u><u>19</u></u>

The following is a summary of the Police Pension Plan, as provided in the Illinois Compiled Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. 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 held 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 percent of such salary for each additional year of service over 20 years up to 30 years, and one percent of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced 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 be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded interest annually thereafter.

Covered employees are required to contribute 9.91 percent 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, as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Police Pension Plan (Continued)

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2011 *	\$ 783,867	84.4%	\$ 1,694,620
4/30/2010 *	673,805	84.2%	1,572,308
4/30/2009	583,207	94.9%	1,465,615

* Estimated

The information presented above for the Police Pension Plan was estimated based on the most recent actuarial valuation. Additional information follows:

Valuation date	May 1, 2009
Asset valuation method	Market value
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed

Assumptions:

Investment rate of return	7.00%
Projected salary increases	5.50%
Inflation rate	3.00%
Postretirement benefit increases	3.00%

1. Concentration of Investments

The Police Pension Plan's investment policy provides certain limits on investment concentrations. As of April 30, 2011, the Plan was in compliance with the policy with respect to investment concentrations.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Police Pension Plan (Continued)

2. Related-Party Transactions

There are no securities of the employer or any other related parties included in the plan assets, including any loans.

3. Contributions and Reserves

The amount shown below as the "pension obligation" for the Police Pension Plan is a substitute disclosure measure (entry age normal), and is the actuarial accrued liability of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. This substitute disclosure measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other employers using the substitute disclosure method. The substitute disclosure measure is independent of the funding method used to determine contributions to the system.

The Police Pension System funding policy provides for actuarially determined monthly contributions at rates that will accumulate sufficient assets to pay benefits when due without having to be increased for future generations of taxpayers. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. The Police Pension System used the level percentage of payroll method to amortize the unfunded liability on a closed basis over a 22-year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the net pension benefit obligation described above.

The City's estimated annual pension cost and net pension obligation to the Police Pension Fund at April 30, 2011 were as follows:

Annual required contribution	\$	673,805
Interest on net pension obligation		110,062
Annual pension cost		<u>783,867</u>
Contributions made		<u>(661,555)</u>
Estimated increase in net pension obligation		122,312
Net pension obligation at May 1, 2010		<u>1,572,308</u>
Net pension obligation at April 30, 2011	\$	<u><u>1,694,620</u></u>

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Police Pension Plan (Continued)

3. Contributions and Reserves (Continued)

Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. All administrative costs are paid by the plan.

4. Funded Status and Funding Progress

The funded status and funding progress of the plan as of the most recent valuation date were as follows:

Actuarial accrued liability (AAL)	\$ 12,718,113
Actuarial value of plan assets	<u>6,131,914</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,586,199</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>48.21%</u>
Covered payroll (active plan members)	<u>\$ 2,022,999</u>
UAAL as a percentage of covered payroll	<u>325.57%</u>

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

In addition to providing the pension benefits described, the City provides postemployment medical and dental insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, and employee contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the City's governmental activities.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Benefits Provided

The City provides pre- and postretirement health and dental insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the City's two retirement plans. The retirees are responsible for paying 100% of the blended premium for the coverage options selected upon retirement. Upon the retiree or spouse becoming eligible for Medicare, the Medicare-eligible participant no longer pays 100% of the blended premium but instead pays 100% of the Medicare premium. While the City does not incur a direct cost for retirees' premiums, it does incur an implicit cost, which is calculated as the difference between the age-rated premium for a retiree and the blended premium.

C. Membership

As of the April 30, 2009 valuation (most recent available), membership in the Plan consisted of:

	<u>Membership</u>
Retirees and beneficiaries currently receiving benefits	3
Active employees	<u>31</u>
Total membership	<u><u>34</u></u>

D. Funding Policy

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

E. Annual OPEB Costs and Net OPEB Obligation

The City performed its first valuation for the Plan as of April 30, 2009 to determine the funded status of the Plan as of that date as well as to determine the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. As a single-employer plan with fewer than one hundred members, the City has applied the alternative measurement method for the determination of its ARC and the Plan's actuarial accrued liabilities and funded status. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2009-2011 were as follows:

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2011 *	\$ 328,813	\$ 61,247	18.63%	\$ 860,614
4/30/2010 *	313,818	13,905	4.43%	593,048
4/30/2009	299,161	6,026	2.01%	293,135

* Annual OPEB Cost estimated using ARC from most recent valuation.

The estimated net OPEB obligation as of April 30, 2011 was calculated as follows:

Annual required contribution	\$ 318,769
Interest on net OPEB obligation	29,652
Adjustment to annual required contribution	<u>(19,608)</u>
Annual OPEB cost	328,813
Contributions made	<u>(61,247)</u>
Increase in net OPEB obligation	267,566
Net OPEB obligation beginning of year	<u>593,048</u>
Net OPEB obligation	<u><u>\$ 860,614</u></u>

F. Funded Status and Funding Progress

The funded status and funding progress of the Plan as of April 30, 2009 (most recent valuation date) were as follows:

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

F. Funded Status and Funding Progress (Continued)

Actuarial accrued liability (AAL)	\$ 3,205,477
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,205,477</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.00%</u>
Covered payroll (active plan members)	<u>\$ 2,993,051</u>
UAAL as a percentage of covered payroll	<u>107.10%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions – projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2009 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, an initial healthcare cost trend of 9% decreasing to and leveling off at 5% after 5 years, a 2.54% general inflation assumption and a 4.09% wage inflation assumption. The actuarial value of assets was not determined, as the City has not advance-funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2011 was 28 years.

City of Prospect Heights, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 26, 2011, the date these financial statements were available to be issued. Management has determined that no events or transactions, other than as disclosed below, have occurred subsequent to the balance sheet date that would require additional disclosure in the financial statements:

A. General Obligation Bonds, Series 2011A

The City authorized \$5,000,000 General Obligation Bonds, Series 2011A, on June 1, 2011. The purpose of this issuance was to finance local road construction and related maintenance equipment, storm sewers, and drainage projects. The bonds bear annual interest at rates between 2.5% and 4% and are due annually in various amounts from December 15, 2012 through 2026.

B. Taxable Refunding Debt Certificates, Series 2011B

The City authorized \$5,430,000 Taxable Refunding Debt Certificates, Series 2011B, on June 1, 2011. The purpose of this issuance was to advance refund the City's outstanding Taxable General Obligation (Capital Appreciation) Debt Certificates, Series 2008A. The notes bear annual interest at 3.125% and are due on December 15, 2015.

C. Construction Commitments

In May and July 2011, the City entered into various contracts relating to road improvements. The City's total commitment under these contracts was \$4,273,761.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

City of Prospect Heights, Illinois
 Illinois Municipal Retirement Fund
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
April 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 3,161,352	\$ 4,013,292	\$ 851,940	78.77 %	\$ 1,036,798	82.17 %
12/31/2009	3,038,275	4,227,855	1,189,580	71.86	1,374,880	86.52
12/31/2008	3,626,546	4,631,534	1,004,988	78.30	1,593,070	63.08

On a market value basis, the actuarial value of assets as of December 31, 2010 was \$3,432,865. On a market basis, the funded ratio would be 85.54%.

City of Prospect Heights, Illinois
 Police Pension Fund
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
April 30, 2011

EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2011 *	\$ 673,805	98.18 %	\$ 1,694,620
4/30/2010	673,805	84.17	1,572,308
4/30/2009	551,345	100.37	1,465,615
4/30/2008	542,522	103.80	1,524,178
4/30/2007	553,469	93.88	1,482,513
4/30/2006	442,374	107.61	1,435,877

* Estimated

FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Net Present Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
4/30/2009	\$ 6,131,914	\$ 12,718,113	\$ 6,586,199	48.21 %	\$ 2,022,999	325.57 %
4/30/2008	6,051,676	10,909,516	4,857,840	55.47	1,958,185	248.08
4/30/2007	4,612,343	9,841,009	5,228,666	46.87	1,876,732	278.60
4/30/2006	4,279,045	9,514,063	5,235,018	44.98	1,800,503	290.75
4/30/2005	3,443,597	8,609,291	5,165,694	40.00	1,799,862	287.01
4/30/2004	2,610,604	6,797,287	4,186,683	38.41	1,682,851	248.79

The information presented in the table above is the most recent available.

City of Prospect Heights, Illinois
 Other Postemployment Benefits
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
April 30, 2011

EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2011 *	\$ 318,769	19.21 %	\$ 860,614
4/30/2010 *	299,161	4.65	593,048
4/30/2009	299,161	2.01	293,135

* Estimated using ARC from the most recent valuation.

Information for years prior to April 30, 2009 is not available, as the valuation was performed for the first time as of April 30, 2009.

FUNDING PROGRESS

<u>Fiscal Year Ending</u>	<u>Net Present Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
4/30/2009	\$ -	\$ 3,205,477	\$ 3,205,477	-	% \$ 2,993,051	107.10 %

Information for the years ended April 30, 2011 and 2010 and prior to April 30, 2009 is not available, as the valuation was performed for the first time as of April 30, 2009.

City of Prospect Heights, Illinois

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,748,580	\$ 1,708,834	\$ 1,733,616	\$ 24,782
Licenses	799,732	800,650	851,454	50,804
Fines and forfeitures	343,600	350,800	376,583	25,783
Charges for services	383,585	411,166	502,487	91,321
Intergovernmental	2,312,740	2,327,322	2,456,698	129,376
Interest income	3,000	3,000	2,872	(128)
Miscellaneous	137,748	135,849	173,698	37,849
Total revenues	5,728,985	5,737,621	6,097,408	359,787
Expenditures				
General government				
Administration department	1,266,873	1,386,094	1,206,237	179,857
Building department	264,317	265,380	266,366	(986)
Public safety	3,824,883	3,561,893	3,502,926	58,967
Public works	591,055	597,490	529,586	67,904
Debt service				
Principal	105,000	105,000	105,000	-
Interest	84,160	84,160	84,172	(12)
Total expenditures	6,136,288	6,000,017	5,694,287	305,730
Excess (deficiency) of revenues over expenditures	(407,303)	(262,396)	403,121	665,517
Other financing sources (uses)				
Transfers in	318,897	325,592	348,640	23,048
Transfers out	(19,881)	(14,713)	(14,713)	-
Total other financing sources (uses)	299,016	310,879	333,927	23,048
Net change in fund balance	\$ (108,287)	\$ 48,483	737,048	\$ 688,565
Fund balance				
Beginning of year			2,308,582	
End of year			\$ 3,045,630	

City of Prospect Heights, Illinois

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 427,538	\$ 509,960	\$ 515,403	\$ 5,443
Interest income	300	300	336	36
Total revenues	427,838	510,260	515,739	5,479
Expenditures				
Current				
General government	850	850	750	100
Public works	76,500	76,500	49,005	27,495
Total current expenditures	77,350	77,350	49,755	27,595
Capital outlay	21,900	21,900	-	21,900
Debt service				
Principal	460,000	460,000	460,000	-
Interest	42,525	42,525	42,525	-
Total debt service	502,525	502,525	502,525	-
Total expenditures	601,775	601,775	552,280	49,495
Deficiency of revenues over expenditures	(173,937)	(91,515)	(36,541)	54,974
Other financing sources (uses)				
Transfers in	252,120	252,120	252,120	-
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	177,120	177,120	177,120	-
Net change in fund balance	\$ 3,183	\$ 85,605	140,579	\$ 54,974
Fund balance				
Beginning of year			174,950	
End of year			\$ 315,529	

City of Prospect Heights, Illinois
Convention and Visitors' Bureau (CVB) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Hotel taxes	\$ 450,090	\$ 474,000	\$ 556,317	\$ 82,317
Intergovernmental - grant revenue	150,000	133,554	133,564	10
Interest income	2,260	2,260	1,717	(543)
Miscellaneous	8,000	5,500	1,734	(3,766)
Total revenues	<u>610,350</u>	<u>615,314</u>	<u>693,332</u>	<u>78,018</u>
Expenditures				
Current				
General government	503,764	468,299	413,220	55,079
Capital outlay	2,800	11,975	9,159	2,816
Total expenditures	<u>506,564</u>	<u>480,274</u>	<u>422,379</u>	<u>57,895</u>
Excess of revenues over expenditures	103,786	135,040	270,953	135,913
Other financing uses				
Transfers out	<u>(126,025)</u>	<u>(132,720)</u>	<u>(155,768)</u>	<u>(23,048)</u>
Net changes in fund balance	<u>\$ (22,239)</u>	<u>\$ 2,320</u>	115,185	<u>\$ 112,865</u>
Fund balance				
Beginning of year			<u>1,674,290</u>	
End of year			<u>\$ 1,789,475</u>	

City of Prospect Heights, Illinois
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2011

NOTE 1 - LEGAL COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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. During the year, several budget amendments were approved by the City Council, the last of which was approved on April 18, 2011.

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 budget appropriations lapse at fiscal year-end.

The Levee Wall Fund was not budgeted.

B. Excess of Actual Expenses over Budget in Individual Funds

The following funds had excesses of actual expenses/expenditures over budget for the fiscal year:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Actual over Budget</u>
Development	\$ 18,020	\$ 32,428	\$ 14,408
Police Pension	168,803	180,349	11,546

SUPPLEMENTAL INFORMATION

City of Prospect Heights, Illinois

General Fund

Schedule of Revenues and Other Financing Sources

Budget and Actual

Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Taxes				
Property taxes	\$ 259,700	\$ 259,700	\$ 250,769	\$ (8,931)
Utility taxes - telephone	664,800	610,054	597,117	(12,937)
Utility taxes - electricity	363,000	390,000	426,199	36,199
Utility taxes - natural gas	186,000	186,000	191,194	5,194
Rental car tax	1,080	1,080	720	(360)
Places for eating tax	240,000	228,000	233,943	5,943
Road and bridge tax	34,000	34,000	33,674	(326)
Total taxes	<u>1,748,580</u>	<u>1,708,834</u>	<u>1,733,616</u>	<u>24,782</u>
Licenses				
Motor vehicle				
Stickers	571,720	571,720	602,443	30,723
Late fees	49,000	49,000	42,855	(6,145)
Senior	40,890	40,890	40,155	(735)
Transfers	2,080	2,080	3,400	1,320
Animal	11,124	11,124	13,824	2,700
Coin operated	3,739	1,238	2,129	891
Business	13,041	15,089	15,177	88
Liquor	56,705	54,276	62,207	7,931
Food handlers	31,433	34,023	35,079	1,056
Contractors	20,000	21,210	34,185	12,975
Total licenses	<u>799,732</u>	<u>800,650</u>	<u>851,454</u>	<u>50,804</u>
Fines and forfeitures				
Traffic fines	37,000	37,000	22,611	(14,389)
Parking and license fines	306,000	313,200	352,978	39,778
Liquor fines	100	100	-	(100)
DUI fines	500	500	994	494
Total fines and forfeitures	<u>343,600</u>	<u>350,800</u>	<u>376,583</u>	<u>25,783</u>

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Revenues and Other Financing Sources

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Charges for services				
Permits				
Building permits	\$ 70,000	\$ 80,000	\$ 131,304	\$ 51,304
Site plan review	500	500	300	(200)
Public hearing fees	2,000	2,000	3,650	1,650
Franchise fees				
Cable	130,367	137,680	142,975	5,295
Natural gas	33,462	28,520	33,759	5,239
Inspection fees				
Elevators	5,000	5,000	4,900	(100)
Certificate of occupancy	500	500	700	200
Health reinspection	500	500	1,663	1,163
Building reinspection	3,500	3,500	4,246	746
Rental inspection	120,000	135,000	158,500	23,500
Commercial safety	6,440	6,440	7,845	1,405
Other				
Police special detail	8,116	8,116	1,725	(6,391)
Police alarm fee	3,200	3,410	10,920	7,510
Total charges for services	383,585	411,166	502,487	91,321
Intergovernmental				
Taxes				
State sales and local use tax	864,972	869,972	959,334	89,362
State income tax	1,290,470	1,290,470	1,321,848	31,378
Personal property replacement	1,080	1,080	1,749	669
Grants				
VOCA grant	48,000	48,000	56,404	8,404
Badge grant	13,000	18,863	18,863	-
Police equipment grant	2,400	2,400	2,373	(27)
Tobacco enforcement grant	2,500	2,500	2,090	(410)
Highway safety grant	-	6,208	6,208	-
JAG stimulus grant	69,505	67,016	67,016	-
JAG non-stimulus grant	20,813	20,813	20,813	-
Total intergovernmental	2,312,740	2,327,322	2,456,698	129,376
Interest income	3,000	3,000	2,872	(128)

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Revenues and Other Financing Sources

Budget and Actual (Continued)

Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous				
Miscellaneous income	\$ 22,800	\$ 22,800	\$ 43,037	\$ 20,237
Police revenue				
Narcotics	500	500	5,137	4,637
Drug Enforcement Agency	15,000	15,000	15,033	33
Newsletter advertising	2,600	3,282	3,282	-
Airport meeting fees	-	3,000	3,000	-
Glenview shared revenue	-	-	1,122	1,122
Gasoline rebate	2,000	1,309	1,309	-
Sale of City property	-	7,114	7,114	-
Bus shelter advertising	4,000	4,000	3,387	(613)
Reimbursements				
Retiree health insurance	19,984	12,940	13,497	557
Professional engineering	1,500	1,500	-	(1,500)
Employee insurance	43,391	38,431	38,479	48
Employee salary	24,973	24,973	22,614	(2,359)
Fire District gasoline	1,000	1,000	1,423	423
Insurance reimbursements	-	-	15,264	15,264
Total miscellaneous	<u>137,748</u>	<u>135,849</u>	<u>173,698</u>	<u>37,849</u>
Total revenues	<u>\$ 5,728,985</u>	<u>\$ 5,737,621</u>	<u>\$ 6,097,408</u>	<u>\$ 359,787</u>
Other financing sources				
Transfers in	<u>\$ 318,897</u>	<u>\$ 325,592</u>	<u>\$ 348,640</u>	<u>\$ 23,048</u>
Total other financing sources	<u>\$ 318,897</u>	<u>\$ 325,592</u>	<u>\$ 348,640</u>	<u>\$ 23,048</u>

(Concluded)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Administrative department				
City Council				
Personnel				
Regular salaries	\$ 9,600	\$ 9,600	\$ 9,600	\$ -
Social Security	595	595	595	-
Medicare	139	139	139	-
Total personnel	10,334	10,334	10,334	-
Contractual services				
Memberships	10,845	10,845	10,406	439
Aldermanic expenses	900	900	609	291
Travel	300	300	32	268
Professional services	12,680	21,080	8,916	12,164
Special events	200	200	109	91
Contributions to organizations	7,500	-	-	-
Total contractual services	32,425	33,325	20,072	13,253
Total City Council	42,759	43,659	30,406	13,253
City Clerk				
Personnel				
Regular salaries	47,808	43,599	43,091	508
IMRF	5,809	5,624	5,556	68
Social Security	2,964	2,703	2,608	95
Medicare	693	633	610	23
Health Insurance	17,350	12,937	10,044	2,893
Life Insurance	99	99	87	12
Total personnel	74,723	65,595	61,996	3,599
Contractual services				
Memberships	235	235	245	(10)
Training	120	120	144	(24)

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Administrative department (continued)				
City Clerk (continued)				
Contractual services (continued)				
Legal notices	\$ 5,450	\$ 5,450	\$ 5,807	\$ (357)
Professional services	2,700	2,700	500	2,200
Recording fees	150	150	62	88
Total contractual services	8,655	8,655	6,758	1,897
Total City Clerk	83,378	74,250	68,754	5,496
Administration				
Personnel				
Regular salaries	85,369	99,723	101,058	(1,335)
IMRF	10,372	12,796	12,896	(100)
Social security	5,293	6,183	6,119	64
Medicare	1,238	1,446	1,431	15
Health insurance	6,951	14,978	18,786	(3,808)
Life insurance	99	124	116	8
Unemployment insurance	48,167	113,401	56,312	57,089
Total personnel	157,489	248,651	196,718	51,933
Contractual services				
Memberships	1,500	1,500	1,084	416
Training	350	350	130	220
Employee recognition	600	600	465	135
Website	1,550	1,550	771	779
Auto expense	250	250	-	250
Publications	426	426	506	(80)
Rent - equipment	800	800	147	653
Total contractual services	5,476	5,476	3,103	2,373
Total administration	162,965	254,127	199,821	54,306

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

Administrative department (continued)	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Legal				
Contractual services				
City attorney	\$ 88,800	\$ 120,000	\$ 138,709	\$ (18,709)
Housing attorney	9,000	9,000	9,000	-
City prosecutor	15,060	15,060	14,340	720
Labor counsel	37,500	75,000	80,445	(5,445)
Total contractual services	150,360	219,060	242,494	(23,434)
Total legal	150,360	219,060	242,494	(23,434)
Finance				
Personnel				
Regular salaries	69,514	69,514	60,141	9,373
IMRF	8,446	9,146	7,671	1,475
Social security	4,310	4,310	3,619	691
Medicare	1,008	1,008	846	162
Health insurance	22,815	22,815	15,971	6,844
Life insurance	149	149	103	46
Employee assistance program	38	38	25	13
Total personnel	106,280	106,980	88,376	18,604
Contractual services				
Memberships	465	465	270	195
Training	-	-	11	(11)
Printing	7,327	7,327	7,947	(620)
Audit	18,935	18,935	17,538	1,397
Professional services	47,300	47,300	53,640	(6,340)
Software	9,829	9,829	7,649	2,180
Total contractual services	83,856	83,856	87,055	(3,199)
Total finance	190,136	190,836	175,431	15,405

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Administrative department (continued)				
Engineering				
Personnel				
Regular salaries	\$ 24,860	\$ 24,860	\$ 24,998	\$ (138)
Overtime	500	500	-	500
IMRF	3,081	3,351	3,246	105
Social security	1,572	1,572	1,548	24
Medicare	368	368	362	6
Health insurance	7,605	7,605	7,664	(59)
Life insurance	50	50	54	(4)
Employee assistance program	13	13	13	-
Total personnel	38,049	38,319	37,885	434
Contractual services				
Memberships	605	605	-	605
Training	1,300	1,300	18	1,282
Publications	100	100	-	100
Professional services	62,400	78,000	78,314	(314)
Billable engineering services	1,500	1,500	1,017	483
Total contractual services	65,905	81,505	79,349	2,156
Total engineering	103,954	119,824	117,234	2,590
Insurance and other				
Personnel				
Retiree health insurance	19,984	12,940	14,110	(1,170)
Contractual services				
Computer consultant	28,140	28,140	21,755	6,385
Supplies	18,867	18,867	13,912	4,955
Postage	17,680	17,680	6,858	10,822

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Administrative department (continued)				
Insurance and other (continued)				
Contractual services (continued)				
Photocopy	\$ 15,000	\$ 15,000	\$ 13,730	\$ 1,270
Utilities	105,566	105,566	59,404	46,162
Liability insurance	308,084	266,145	229,890	36,255
Insurance deductibles	20,000	20,000	12,438	7,562
Total contractual services	513,337	471,398	357,987	113,411
Total insurance and other	533,321	484,338	372,097	112,241
Total administration department	1,266,873	1,386,094	1,206,237	179,857
Building department				
Boards and commissions				
Personnel				
Regular salaries	2,640	2,640	1,685	955
Social security	164	164	104	60
Medicare	38	38	24	14
Total personnel	2,842	2,842	1,813	1,029
Contractual services				
Senior taxi program	200	200	36	164
Total contractual services	200	200	36	164
Total boards and commissions	3,042	3,042	1,849	1,193
Building and zoning				
Personnel				
Regular salaries	160,983	160,983	160,842	141
Overtime	500	500	2,729	(2,229)

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Building department (continued)				
Building and zoning (continued)				
Personnel (continued)				
IMRF	\$ 19,620	\$ 21,251	\$ 21,283	\$ (32)
Social security	10,012	10,012	10,016	(4)
Medicare	2,341	2,341	2,342	(1)
Health insurance	41,911	41,343	41,286	57
Life insurance	248	248	238	10
Employee assistance program	38	38	38	-
Total personnel	235,653	236,716	238,774	(2,058)
Contractual services				
Memberships	175	175	150	25
Training	720	720	378	342
Supplies	100	100	94	6
Gasoline	1,500	1,500	1,492	8
Publications	100	100	-	100
Printing	600	600	767	(167)
Professional services	22,227	22,227	22,862	(635)
Auto expense	200	200	-	200
Total contractual services	25,622	25,622	25,743	(121)
Total building and zoning	261,275	262,338	264,517	(2,179)
Total building department	264,317	265,380	266,366	(986)
Police department				
Police operations				
Personnel				
Regular salaries	1,575,168	1,448,856	1,481,538	(32,682)
Overtime	302,603	302,603	254,148	48,455
Medicare	27,228	25,396	24,721	675
Health insurance	347,671	312,454	303,697	8,757

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Police department (continued)				
Police operations (continued)				
Personnel (continued)				
Life insurance	\$ 2,178	\$ 1,815	\$ 1,810	\$ 5
Pension contribution	673,805	673,805	661,555	12,250
Physical exams	2,500	2,500	-	2,500
Total personnel	2,931,153	2,767,429	2,727,469	39,960
Contractual services				
Memberships	7,790	7,790	9,340	(1,550)
Training	10,365	10,365	6,912	3,453
Supplies	4,700	4,700	6,116	(1,416)
Range supplies	9,000	-	-	-
Gasoline	55,000	-	24	(24)
Clothing	15,800	15,800	15,353	447
Professional services	122,322	122,322	117,015	5,307
Equipment rental	800	800	441	359
Equipment maintenance	9,760	9,760	10,310	(550)
Radio maintenance	9,165	-	-	-
Auto expense	2,000	2,000	850	1,150
Total contractual services	246,702	173,537	166,361	7,176
Capital outlay				
Radio equipment	3,400	-	-	-
Police equipment	6,200	6,200	5,686	514
Total capital outlay	9,600	6,200	5,686	514
Total police operations	3,187,455	2,947,166	2,899,516	47,650

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Police department (continued)				
Drug Enforcement Agency (DEA) task force				
Personnel				
Regular salaries	\$ 76,319	\$ 76,319	\$ 75,494	\$ 825
Overtime	15,000	20,181	21,967	(1,786)
Medicare	1,324	1,399	1,364	35
Health insurance	16,189	17,840	14,930	2,910
Life insurance	99	99	99	-
Total personnel	108,931	115,838	113,854	1,984
Contractual services				
Gasoline	1,800	1,800	1,097	703
Total contractual services	1,800	1,800	1,097	703
Total Drug Enforcement Agency (DEA) task force	110,731	117,638	114,951	2,687
Police support services				
Personnel				
Regular salaries	241,766	231,746	217,749	13,997
Overtime	3,000	4,327	5,680	(1,353)
IMRF	14,880	16,489	16,791	(302)
Social security	8,744	8,780	8,730	50
Medicare	3,549	3,423	3,243	180
Health insurance	47,869	48,951	53,373	(4,422)
Life insurance	327	327	181	146
Employee assistance program	38	38	25	13
Physical exams	500	500	91	409
Total personnel	320,673	314,581	305,863	8,718
Contractual services				
Memberships	760	760	1,280	(520)
Training	525	525	51	474

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Police department (continued)				
Police support services (continued)				
Contractual services (continued)				
Clothing	\$ 500	\$ 500	\$ 373	\$ 127
Publications	320	320	139	181
Printing	200	200	30	170
Prisoners care	1,800	1,800	1,942	(142)
Kennel fees	1,000	1,000	670	330
I.D. Networks	19,065	-	-	-
Northwest Central Dispatch	14,033	-	-	-
Total contractual services	38,203	5,105	4,485	620
Total police support services	358,876	319,686	310,348	9,338
Grant expense				
VOCA grant	57,203	57,203	54,822	2,381
Badge grant	13,000	18,863	18,958	(95)
Police equipment grant	4,800	4,800	8,210	(3,410)
Highway safety grant	-	6,208	6,951	(743)
Tobacco enforcement grant	2,500	2,500	2,780	(280)
JAG stimulus grant	69,505	67,016	65,324	1,692
JAG non-stimulus grant	20,813	20,813	21,066	(253)
Total grant expense	167,821	177,403	178,111	(708)
Total police department	3,824,883	3,561,893	3,502,926	58,967

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Public works department				
Public works administration				
Contractual services				
Memberships	\$ 535	\$ 535	\$ 516	\$ 19
Training	800	800	210	590
Gasoline	400	400	-	400
Publications	300	300	-	300
Professional services	2,130	2,130	4,333	(2,203)
Total contractual services	4,165	4,165	5,059	(894)
Capital outlay				
Safety equipment	3,050	3,050	1,220	1,830
Total capital outlay	3,050	3,050	1,220	1,830
Total public works administration	7,215	7,215	6,279	936
Streets				
Personnel				
Regular salaries	127,736	127,736	125,561	2,175
Overtime	30,000	30,000	20,252	9,748
IMRF	19,165	21,142	19,203	1,939
Social security	9,780	9,780	8,922	858
Medicare	2,287	2,287	2,087	200
Health insurance	30,420	30,420	29,484	936
Life insurance	198	198	198	-
Employee assistance program	50	50	50	-
Total personnel	219,636	221,613	205,757	15,856

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Public works department (continued)				
Streets (continued)				
Contractual services				
Training	\$ 300	\$ 300	\$ 65	\$ 235
Supplies	4,600	4,600	2,764	1,836
Gasoline	22,220	22,220	24,514	(2,294)
Professional services	4,800	4,800	2,398	2,402
Water and electricity	4,400	4,400	5,053	(653)
Signal maintenance	13,684	13,684	10,952	2,732
Dump charges	500	500	-	500
Ice control maintenance	325	325	325	-
Patch material	16,498	16,498	7,375	9,123
Stone, concrete	1,400	1,400	751	649
Culvert pipe	200	200	-	200
Traffic control material	630	630	-	630
Signs	1,160	1,160	620	540
Total contractual services	70,717	70,717	54,817	15,900
Total streets	290,353	292,330	260,574	31,756
Forestry				
Contractual services				
Memberships	815	815	15	800
Training	320	320	-	320
Supplies	300	300	98	202
Professional services	1,500	4,500	579	3,921
Tools	700	700	-	700
Rent - equipment	300	300	-	300
Equipment maintenance	1,300	1,300	42	1,258
Dump charges	350	350	-	350
Landscape supplies	950	950	70	880
Total contractual services	6,535	9,535	804	8,731
Total forestry	6,535	9,535	804	8,731

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Public works department (continued)				
Storm drainage				
Personnel				
Regular salaries	\$ 49,993	\$ 49,993	\$ 50,881	\$ (888)
Overtime	6,000	6,000	7,624	(1,624)
IMRF	6,803	7,446	7,742	(296)
Social security	3,472	3,472	3,744	(272)
Medicare	812	812	876	(64)
Health insurance	15,210	15,210	15,327	(117)
Life insurance	99	99	105	(6)
Employee assistance program	25	25	50	(25)
Total personnel	82,414	83,057	86,349	(3,292)
Contractual services				
Supplies	4,100	4,100	3,670	430
Rental equipment	300	300	-	300
Dump charges	500	500	-	500
Total contractual services	4,900	4,900	3,670	1,230
Total storm drainage	87,314	87,957	90,019	(2,062)
Building and grounds maintenance				
Contractual services				
Supplies	12,250	12,250	8,158	4,092
Professional services	30,720	30,720	27,412	3,308
Equipment rental	100	100	-	100
Total contractual services	43,070	43,070	35,570	7,500
Total buildings and grounds maintenance	43,070	43,070	35,570	7,500

(Continued)

City of Prospect Heights, Illinois

General Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Public works department (continued)				
Vehicle maintenance				
Personnel				
Regular salaries	\$ 64,754	\$ 64,754	\$ 63,404	\$ 1,350
Overtime	8,000	8,000	9,241	(1,241)
IMRF	8,840	9,655	9,529	126
Social security	4,511	4,511	4,500	11
Medicare	1,055	1,055	1,052	3
Health insurance	15,210	15,210	15,327	(117)
Life insurance	99	99	99	-
Employee assistance program	25	25	25	-
Total personnel	102,494	103,309	103,177	132
Contractual services				
Training	475	475	-	475
Supplies	4,600	4,600	579	4,021
Professional services	1,636	1,636	4,369	(2,733)
Tools	1,700	1,700	1,717	(17)
Vehicle maintenance	25,000	25,000	13,202	11,798
Maintenance supplies	15,000	15,000	14,640	360
Vehicle parts	4,700	4,700	(1,924)	6,624
Licenses	963	963	580	383
Total contractual services	54,074	54,074	33,163	20,911
Total vehicle maintenance	156,568	157,383	136,340	21,043
Total public works department	591,055	597,490	529,586	67,904
Debt service				
Principal	105,000	105,000	105,000	-
Interest	84,160	84,160	84,172	(12)
	189,160	189,160	189,172	(12)
Total expenditures	\$ 6,136,288	\$ 6,000,017	\$ 5,694,287	\$ 305,730
Other financing uses				
Transfers out	\$ 19,881	\$ 14,713	\$ 14,713	\$ -

(Concluded)

City of Prospect Heights, Illinois
 Motor Fuel Tax Fund
 Schedule of Revenues and Other Financing Sources
 Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Motor fuel tax allotment	\$ 427,538	\$ 509,960	\$ 515,403	\$ 5,443
Interest income	<u>300</u>	<u>300</u>	<u>336</u>	<u>36</u>
Total revenues	<u>\$ 427,838</u>	<u>\$ 510,260</u>	<u>\$ 515,739</u>	<u>\$ 5,479</u>
Other financing sources				
Transfers in	<u>\$ 252,120</u>	<u>\$ 252,120</u>	<u>\$ 252,120</u>	<u>\$ -</u>

City of Prospect Heights, Illinois

Motor Fuel Tax Fund

Schedule of Detailed Expenditures and Other Financing Uses

Budget and Actual

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General government			
Bank fees	\$ 350	\$ 350	\$ -
Professional services	500	400	100
Total general government	<u>850</u>	<u>750</u>	<u>100</u>
Public works			
Ice control maintenance	<u>76,500</u>	<u>49,005</u>	<u>27,495</u>
Capital outlay	<u>21,900</u>	<u>-</u>	<u>21,900</u>
Debt service			
Principal	460,000	460,000	-
Interest	<u>42,525</u>	<u>42,525</u>	<u>-</u>
Total debt service	<u>502,525</u>	<u>502,525</u>	<u>-</u>
Total expenditures	<u>\$ 601,775</u>	<u>\$ 552,280</u>	<u>\$ 49,495</u>
Other financing uses			
Transfers out	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>

City of Prospect Heights, Illinois
 Convention and Visitors' Bureau (CVB) Fund
 Schedule of Revenues
 Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Taxes				
Hotel taxes	\$ 450,090	\$ 474,000	\$ 556,317	\$ 82,317
Intergovernmental				
Grants	150,000	133,554	133,564	10
Interest income	2,260	2,260	1,717	(543)
Miscellaneous				
Membership fees	5,000	5,000	1,675	(3,325)
Other	3,000	500	59	(441)
Total miscellaneous	8,000	5,500	1,734	(3,766)
Total revenues	\$ 610,350	\$ 615,314	\$ 693,332	\$ 78,018

City of Prospect Heights, Illinois
Convention and Visitors' Bureau (CVB) Fund
Schedule of Detailed Expenditures and Other Financing Uses
Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
General government				
Personnel				
Regular salaries	\$ 166,593	\$ 161,714	\$ 161,719	\$ (5)
IMRF	20,241	21,475	21,136	339
Social security	10,329	10,027	9,712	315
Medicare	2,416	2,345	2,271	74
Health insurance	37,562	37,094	37,792	(698)
Life insurance	281	281	289	(8)
Employee assistance program	50	50	50	-
Unemployment insurance	24,661	24,661	15,015	9,646
Total personnel	<u>262,133</u>	<u>257,647</u>	<u>247,984</u>	<u>9,663</u>
Contractual services				
Memberships	11,280	6,680	9,195	(2,515)
Training	5,500	4,325	1,041	3,284
Travel	35,915	17,970	14,467	3,503
Advertising	55,440	47,270	27,348	19,922
Promotional projects	76,500	64,333	53,354	10,979
Supplies	5,000	5,000	3,392	1,608
Postage	4,000	4,000	1,320	2,680
Publications	95	95	133	(38)
Audit	3,700	3,700	3,421	279
Professional services	7,485	21,087	17,593	3,494
Utilities	6,300	6,300	4,055	2,245
Rental equipment	4,560	4,560	5,025	(465)
Facilities rent	21,600	21,600	21,600	-
Equipment maintenance	440	440	-	440
Liability insurance	3,816	3,292	3,292	-
Total contractual services	<u>241,631</u>	<u>210,652</u>	<u>165,236</u>	<u>45,416</u>
Total general government	<u>503,764</u>	<u>468,299</u>	<u>413,220</u>	<u>55,079</u>
Capital outlay	<u>2,800</u>	<u>11,975</u>	<u>9,159</u>	<u>2,816</u>
Total expenditures	<u>\$ 506,564</u>	<u>\$ 480,274</u>	<u>\$ 422,379</u>	<u>\$ 57,895</u>
Other financing uses				
Transfers out	<u>\$ 126,025</u>	<u>\$ 132,720</u>	<u>\$ 155,768</u>	<u>\$ (23,048)</u>

City of Prospect Heights, Illinois

Palatine/Milwaukee TIF Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 1,358,055	\$ 1,242,236	\$ 1,099,787	\$ (142,449)
Miscellaneous	-	-	2,752	2,752
Interest income	3,600	3,600	1,456	(2,144)
Total revenues	1,361,655	1,245,836	1,103,995	(141,841)
General government				
Bank fees	850	850	850	-
Audit	32,625	32,625	5,455	27,170
Professional services	374,000	374,000	275,512	98,488
Liability insurance	38,158	32,915	32,916	(1)
Insurance deductible	2,500	2,500	-	2,500
Total general government	448,133	442,890	314,733	128,157
Debt service				
Principal	790,000	790,000	790,000	-
Interest	165,235	173,892	173,892	-
Total debt service	955,235	963,892	963,892	-
Total expenditures	1,403,368	1,406,782	1,278,625	128,157
Deficiency of revenues over expenditures	(41,713)	(160,946)	(174,630)	(13,684)
Other financing uses				
Transfers out	(52,390)	(52,390)	(52,390)	-
Net change in fund balance	\$ (94,103)	\$ (213,336)	(227,020)	\$ (13,684)
Fund balance				
Beginning of year			1,829,453	
End of year			\$ 1,602,433	

City of Prospect Heights, Illinois
 Development Fund
 Schedule of Revenues, Expenditures, and Change in Fund Balance
 Budget and Actual
Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Miscellaneous			
Insurance reimbursements	\$ -	\$ 5,160	\$ 5,160
Interest	<u>600</u>	<u>565</u>	<u>(35)</u>
Total revenue	<u>600</u>	<u>5,725</u>	<u>5,125</u>
Expenditures			
General government	<u>18,020</u>	<u>32,428</u>	<u>(14,408)</u>
Deficiency of revenues over expenditures	(17,420)	(26,703)	(9,283)
Impairment of land held for resale	<u>-</u>	<u>1,816,589</u>	<u>(1,816,589)</u>
Net change in fund balance	<u>\$ (17,420)</u>	<u>(1,843,292)</u>	<u>\$ 1,807,306</u>
Fund balance			
Beginning of year		<u>5,292,021</u>	
End of year		<u>\$ 3,448,729</u>	

City of Prospect Heights, Illinois

Facility Construction Fund

Schedule of Revenues, Expenditures, and Change in Fund Deficit

Budget and Actual

Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Intergovernmental			
Sales tax	\$ 252,000	\$ 275,968	\$ 23,968
Interest income	120	116	(4)
Total revenues	<u>252,120</u>	<u>276,084</u>	<u>23,964</u>
Other financing uses			
Transfers out	<u>(252,120)</u>	<u>(252,120)</u>	<u>-</u>
Net change in fund deficit	<u>\$ -</u>	23,964	<u>\$ 23,964</u>
Fund deficit			
Beginning of year		<u>(449,673)</u>	
End of year		<u>\$ (425,709)</u>	

City of Prospect Heights, Illinois
 Reconstruction Fund
 Schedule of Revenues, Expenditures, and Change in Fund Balance
 Budget and Actual
Year Ended April 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
Capital outlay	\$ <u>44,097</u>	\$ <u>-</u>	\$ <u>44,097</u>
Other financing sources			
Proceeds from insurance recovery	<u>881,939</u>	<u>-</u>	<u>(881,939)</u>
Net change in fund balance	<u>\$ 837,842</u>	-	<u>\$ (837,842)</u>
Fund balance			
Beginning of year		<u>401</u>	
End of year		<u>\$ 401</u>	

City of Prospect Heights, Illinois
Special Service Area #6 Construction Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Interest income	\$ 100	\$ 397	\$ 297
Total revenues	<u>100</u>	<u>397</u>	<u>297</u>
Net change in fund balance	<u>\$ 100</u>	397	<u>\$ 297</u>
Fund balance			
Beginning of year		<u>293,353</u>	
End of year		<u>\$ 293,750</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources that by law are designated to finance particular functions or activities of government and that cannot be diverted to other uses. The nonmajor special revenue funds maintained by the City are as follows:

Special Service Areas #1 - #5 Funds - to account for revenues derived from separate property tax levies and disbursements of these funds for improvements in the designated special service areas.

Levee Wall Fund - to account for revenues derived from a separate property tax levy and disbursement of these funds for levee wall improvements.

SWANCC Fund - to account for predetermined municipal disposal fees charged to solid waste contractors and the disbursement of these funds to the Solid Waste Agency of North Cook County (SWANCC) at a set price per ton of solid waste disposed at the transfer station owned and operated by SWANCC.

DEA Seizure Fund - to account for revenues obtained from seizures related to drug enforcement activities and the disbursement of these funds for certain public safety activities.

DEBT SERVICE FUND

Special Service Area #6 Debt Fund - to account for revenues derived from separate property tax levies and disbursements of these funds for retirement of debt belonging to Special Service Area #6.

City of Prospect Heights, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2011

	Special Revenue Funds			
	Special Service Area # 1 Fund	Special Service Area # 2 Fund	Special Service Area # 3 Fund	Special Service Area # 4 Fund
ASSETS				
Cash and cash equivalents	\$ 107,413	\$ 184,450	\$ 412,464	\$ 87,672
Receivables, net				
Property taxes	10,500	7,093	29,716	4,827
Accounts	-	-	-	-
Interest	2	-	2	1
Prepaid expenses	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	214,190	121,002
Total assets	\$ 117,915	\$ 191,543	\$ 656,372	\$ 213,502
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned property taxes	9,652	7,092	28,636	4,768
Advances from other funds	-	-	-	-
Total liabilities	9,652	7,092	28,636	4,768
FUND BALANCES (DEFICIT)				
Reserved for:				
Prepaid expenses	-	-	-	-
Advances	-	-	214,190	121,002
Debt service	-	-	-	-
Unreserved, undesignated	108,263	184,451	413,546	87,732
Total fund balances (deficit)	108,263	184,451	627,736	208,734
Total liabilities and fund balances	\$ 117,915	\$ 191,543	\$ 656,372	\$ 213,502

Special Revenue Funds (Continued)					Debt Service Fund	
Special Service Area # 5 Fund	Levee Wall Fund	SWANCC Fund	DEA Seizure Fund	Total Nonmajor Special Revenue Funds	Special Service Area # 6 Debt Fund	Total Nonmajor Governmental Funds
\$ 247,459	\$ -	\$ -	\$ 503,630	\$ 1,543,088	\$ 135,696	\$ 1,678,784
39,270	-	-	-	91,406	112,425	203,831
-	-	48,448	-	48,448	-	48,448
-	-	-	-	5	10	15
-	-	36,407	-	36,407	-	36,407
113,823	-	-	-	113,823	-	113,823
-	-	175,959	-	175,959	-	175,959
225,121	-	-	-	560,313	-	560,313
<u>\$ 625,673</u>	<u>\$ -</u>	<u>\$ 260,814</u>	<u>\$ 503,630</u>	<u>\$ 2,569,449</u>	<u>\$ 248,131</u>	<u>\$ 2,817,580</u>
\$ 246	\$ -	\$ -	\$ 1,597	\$ 1,843	\$ -	\$ 1,843
-	-	-	19,207	19,207	-	19,207
37,582	-	-	-	87,730	102,925	190,655
-	2,892	-	-	2,892	-	2,892
<u>37,828</u>	<u>2,892</u>	<u>-</u>	<u>20,804</u>	<u>111,672</u>	<u>102,925</u>	<u>214,597</u>
-	-	36,407	-	36,407	-	36,407
225,121	-	-	-	560,313	-	560,313
-	-	-	-	-	145,206	145,206
362,724	(2,892)	224,407	482,826	1,861,057	-	1,861,057
<u>587,845</u>	<u>(2,892)</u>	<u>260,814</u>	<u>482,826</u>	<u>2,457,777</u>	<u>145,206</u>	<u>2,602,983</u>
<u>\$ 625,673</u>	<u>\$ -</u>	<u>\$ 260,814</u>	<u>\$ 503,630</u>	<u>\$ 2,569,449</u>	<u>\$ 248,131</u>	<u>\$ 2,817,580</u>

City of Prospect Heights, Illinois
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances (Deficit)
Year Ended April 30, 2011

	Special Revenue Funds				
	Special Service Area # 1 Fund	Special Service Area # 2 Fund	Special Service Area # 3 Fund	Special Service Area # 4 Fund	Special Service Area # 5 Fund
Revenues					
Property taxes	\$ 20,852	\$ 16,865	\$ 61,097	\$ 17,224	\$ 56,167
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous income	75	-	50	-	-
Interest income	133	240	523	108	370
Total revenues	<u>21,060</u>	<u>17,105</u>	<u>61,670</u>	<u>17,332</u>	<u>56,537</u>
Expenditures					
Current					
General government	2,186	1,682	6,357	1,883	11,075
Public safety	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,186</u>	<u>1,682</u>	<u>6,357</u>	<u>1,883</u>	<u>11,075</u>
Excess (deficiency) of revenues over expenditures	<u>18,874</u>	<u>15,423</u>	<u>55,313</u>	<u>15,449</u>	<u>45,462</u>
Other financing uses					
Transfers out	<u>(5,692)</u>	<u>(4,427)</u>	<u>(16,681)</u>	<u>(4,822)</u>	<u>(7,906)</u>
Total other financing uses	<u>(5,692)</u>	<u>(4,427)</u>	<u>(16,681)</u>	<u>(4,822)</u>	<u>(7,906)</u>
Net change in fund balances	13,182	10,996	38,632	10,627	37,556
Fund balances (deficit)					
Beginning of year	<u>95,081</u>	<u>173,455</u>	<u>589,104</u>	<u>198,107</u>	<u>550,289</u>
End of year	<u>\$ 108,263</u>	<u>\$ 184,451</u>	<u>\$ 627,736</u>	<u>\$ 208,734</u>	<u>\$ 587,845</u>

Special Revenue Funds (Continued)				Debt Service Fund	
Levee Wall Fund	SWANCC Fund	DEA Seizure Fund	Total Nonmajor Special Revenue Funds	Special Service Area # 6 Debt Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 172,205	\$ 242,796	\$ 415,001
-	-	168,207	168,207	-	168,207
-	566,881	-	566,881	-	566,881
-	-	-	125	-	125
-	-	678	2,052	149	2,201
-	566,881	168,885	909,470	242,945	1,152,415
-	467,521	-	490,704	350	491,054
-	-	241,459	241,459	-	241,459
-	-	3,269	3,269	-	3,269
-	-	-	-	85,000	85,000
-	-	-	-	149,833	149,833
-	467,521	244,728	735,432	235,183	970,615
-	99,360	(75,843)	174,038	7,762	181,800
-	-	-	(39,528)	-	(39,528)
-	-	-	(39,528)	-	(39,528)
-	99,360	(75,843)	134,510	7,762	142,272
(2,892)	161,454	558,669	2,323,267	137,444	2,460,711
\$ (2,892)	\$ 260,814	\$ 482,826	\$ 2,457,777	\$ 145,206	\$ 2,602,983

¹ No budget was prepared for this fund.

City of Prospect Heights, Illinois
Special Service Area #1 Fund
Schedule of Revenues, Expenditures, and
Change in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 20,462	\$ 21,125	\$ 20,852	\$ (273)
Miscellaneous income	-	-	75	75
Interest income	150	150	133	(17)
Total revenues	<u>20,612</u>	<u>21,275</u>	<u>21,060</u>	<u>(215)</u>
Expenditures				
Current				
General government	<u>8,939</u>	<u>8,787</u>	<u>2,186</u>	<u>6,601</u>
Excess of revenues over expenditures	11,673	12,488	18,874	6,386
Other financing uses				
Transfers out	<u>(5,692)</u>	<u>(5,692)</u>	<u>(5,692)</u>	<u>-</u>
Net change in fund balance	<u>\$ 5,981</u>	<u>\$ 6,796</u>	13,182	<u>\$ 6,386</u>
Fund balance				
Beginning of year			<u>95,081</u>	
End of year			<u>\$ 108,263</u>	

City of Prospect Heights, Illinois

Special Service Area #2 Fund

Schedule of Revenues, Expenditures, and
Change in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 15,926	\$ 16,498	\$ 16,865	\$ 367
Interest income	640	225	240	15
Total revenues	<u>16,566</u>	<u>16,723</u>	<u>17,105</u>	<u>382</u>
Expenditures				
Current				
General government	<u>8,375</u>	<u>8,260</u>	<u>1,682</u>	<u>6,578</u>
Excess of revenues over expenditures	8,191	8,463	15,423	6,960
Other financing uses				
Transfers out	<u>(4,427)</u>	<u>(4,427)</u>	<u>(4,427)</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,764</u>	<u>\$ 4,036</u>	10,996	<u>\$ 6,960</u>
Fund balance				
Beginning of year			<u>173,455</u>	
End of year			<u>\$ 184,451</u>	

City of Prospect Heights, Illinois

Special Service Area #3 Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 59,808	\$ 62,233	\$ 61,097	\$ (1,136)
Miscellaneous income	-	-	50	50
Interest income	600	500	523	23
	<u>60,408</u>	<u>62,733</u>	<u>61,670</u>	<u>(1,063)</u>
Total revenues				
Expenditures				
Current				
General government	16,090	15,650	6,357	9,293
	<u>16,090</u>	<u>15,650</u>	<u>6,357</u>	<u>9,293</u>
Total expenditures				
Excess of revenues over expenditures	44,318	47,083	55,313	8,230
Other financing uses				
Transfers out	(16,681)	(16,681)	(16,681)	-
Net change in fund balance	<u>\$ 27,637</u>	<u>\$ 30,402</u>	38,632	<u>\$ 8,230</u>
Fund balance				
Beginning of year			<u>589,104</u>	
End of year			<u>\$ 627,736</u>	

City of Prospect Heights, Illinois
Special Service Area #4 Fund
Schedule of Revenues, Expenditures, and
Change in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 17,324	\$ 17,603	\$ 17,224	\$ (379)
Interest income	120	120	108	(12)
Total revenues	<u>17,444</u>	<u>17,723</u>	<u>17,332</u>	<u>(391)</u>
Expenditures				
Current				
General government	<u>8,601</u>	<u>8,470</u>	<u>1,883</u>	<u>6,587</u>
Excess of revenues over expenditures	8,843	9,253	15,449	6,196
Other financing uses				
Transfers out	<u>(4,822)</u>	<u>(4,822)</u>	<u>(4,822)</u>	<u>-</u>
Net change in fund balance	<u>\$ 4,021</u>	<u>\$ 4,431</u>	10,627	<u>\$ 6,196</u>
Fund balance				
Beginning of year			<u>198,107</u>	
End of year			<u>\$ 208,734</u>	

City of Prospect Heights, Illinois

Special Service Area #5 Fund

Schedule of Revenues, Expenditures, and
Change in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 56,431	\$ 60,652	\$ 56,167	\$ (4,485)
Interest income	630	400	370	(30)
Total revenues	<u>57,061</u>	<u>61,052</u>	<u>56,537</u>	<u>(4,515)</u>
Expenditures				
Current				
General government	12,556	16,446	11,075	5,371
Capital outlay	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Total expenditures	<u>22,556</u>	<u>26,446</u>	<u>11,075</u>	<u>15,371</u>
Excess of revenues over expenditures	<u>34,505</u>	<u>34,606</u>	<u>45,462</u>	<u>10,856</u>
Other financing sources and uses				
Transfers out	<u>(7,906)</u>	<u>(7,906)</u>	<u>(7,906)</u>	-
Net change in fund balance	<u>\$ 26,599</u>	<u>\$ 26,700</u>	37,556	<u>\$ 10,856</u>
Fund balance				
Beginning of year			<u>550,289</u>	
End of year			<u>\$ 587,845</u>	

City of Prospect Heights, Illinois

SWANCC Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 584,000	\$ 584,000	\$ 566,881	\$ (17,119)
Interest income	500	500	-	(500)
	<u>584,500</u>	<u>584,500</u>	<u>566,881</u>	<u>(17,619)</u>
Expenditures				
Current				
General government				
SWANCC charges	<u>518,515</u>	<u>467,572</u>	<u>467,521</u>	<u>51</u>
Net change in fund balance	\$ <u>65,985</u>	\$ <u>116,928</u>	99,360	\$ <u>(17,568)</u>
Fund balance				
Beginning of year			<u>161,454</u>	
End of year			\$ <u>260,814</u>	

City of Prospect Heights, Illinois

DEA Seizure Fund

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 29,835	\$ 168,207	\$ 138,372
Interest income	100	100	678	578
Total revenues	<u>100</u>	<u>29,935</u>	<u>168,885</u>	<u>138,950</u>
Expenditures				
Current				
Public safety	160,720	270,383	241,459	28,924
Capital outlay	-	-	3,269	(3,269)
Total expenditures	<u>160,720</u>	<u>270,383</u>	<u>244,728</u>	<u>25,655</u>
Net change in fund balance	<u>\$ (160,620)</u>	<u>\$ (240,448)</u>	<u>(75,843)</u>	<u>\$ 164,605</u>
Fund balance				
Beginning of year			<u>558,669</u>	
End of year			<u>\$ 482,826</u>	

City of Prospect Heights, Illinois

Special Service Area # 6 Debt Fund

Schedule of Revenues, Expenditures, and
Change in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 242,693	\$ 244,930	\$ 242,796	\$ (2,134)
Interest income	200	200	149	(51)
Total revenues	<u>242,893</u>	<u>245,130</u>	<u>242,945</u>	<u>(2,185)</u>
Expenditures				
Current				
General government	1,200	1,200	350	850
Debt service				
Principal	85,000	85,000	85,000	-
Interest	<u>149,833</u>	<u>149,833</u>	<u>149,833</u>	<u>-</u>
Total expenditures	<u>236,033</u>	<u>236,033</u>	<u>235,183</u>	<u>850</u>
Net change in fund balance	\$ <u>6,860</u>	\$ <u>9,097</u>	7,762	\$ <u>(1,335)</u>
Fund balance				
Beginning of year			<u>137,444</u>	
End of year			\$ <u>145,206</u>	

City of Prospect Heights, Illinois

Water Fund

Schedule of Detailed Revenues, Expenses, and Change in Net Assets

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services				
Water sales	\$ 818,556	\$ 798,138	\$ 761,883	\$ (36,255)
Operating expenses				
Personnel				
Salaries	58,859	58,859	57,993	866
Overtime	4,500	4,500	9,000	(4,500)
IMRF	7,698	8,364	9,112	(748)
Social security	3,928	3,928	4,150	(222)
Medicare	919	919	971	(52)
Health insurance	15,210	15,210	15,327	(117)
Life insurance	99	99	99	-
Employee assistance program	25	25	25	-
Total personnel	91,238	91,904	96,677	(4,773)
Contractual services				
Membership	860	860	708	152
Training	6,240	6,240	2,683	3,557
Supplies	4,441	4,441	4,389	52
Postage	4,088	4,088	4,837	(749)
Gasoline	750	750	866	(116)
Chemicals	1,800	1,800	2,131	(331)
Publications	500	500	658	(158)
Printing	600	600	655	(55)
Legal notices	1,195	1,195	-	1,195
Audit	3,700	3,700	3,421	279
Professional services	22,865	22,865	28,271	(5,406)
Water and electricity purchases	362,200	362,200	293,512	68,688
Other utilities	19,110	19,110	48,133	(29,023)
Meters	5,170	5,170	801	4,369
Building maintenance	550	550	456	94

(Continued)

City of Prospect Heights, Illinois

Water Fund

Schedule of Detailed Revenues, Expenses, and Change in Net Assets

Budget and Actual (Continued)

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Operating expenses				
Contractual services (continued)				
System maintenance	\$ 10,200	\$ 10,200	\$ 251	\$ 9,949
Liability insurance	19,079	16,458	16,458	-
Insurance deductibles	2,500	2,500	-	2,500
Total contractual services	465,848	463,227	408,230	54,997
Capital outlay				
Equipment and improvements	1,275,000	1,456,611	1,483,694	(27,083)
Less amounts capitalized and transferred to third party	-	-	(1,483,694)	1,483,694
Total capital outlay	1,275,000	1,456,611	-	1,456,611
Total operating expenses, excluding depreciation	1,832,086	2,011,742	504,907	1,506,835
Operating income (loss) before depreciation	(1,013,530)	(1,213,604)	256,976	1,470,580
Depreciation	104,112	104,112	107,415	(3,303)
Operating income (loss)	(1,117,642)	(1,317,716)	149,561	1,467,277
Nonoperating revenues (expenses)				
Cost of third-party asset	-	-	(636,919)	(636,919)
Reimbursements for third-party asset cost	-	330,260	385,619	55,359
Interest income	2,200	4,000	3,126	(874)
Grant revenue	189,016	289,016	289,016	-
Miscellaneous income	2,475	500	10,576	10,076
Interest expense	-	-	(13,730)	(13,730)
Debt issuance costs, net	(25,000)	(25,000)	(24,950)	50
Total nonoperating revenues	168,691	598,776	12,738	(586,038)

(Continued)

City of Prospect Heights, Illinois

Water Fund

Schedule of Detailed Revenues, Expenses, and Change in Net Assets

Budget and Actual (Continued)

Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Net income (loss) before other financing sources and uses, and capital contributions	\$ <u>(948,951)</u>	\$ <u>(718,940)</u>	\$ <u>162,299</u>	\$ <u>881,239</u>
Other financing sources and uses				
Proceeds from debt issuance	775,000	800,000	800,000	-
Less debt capitalized	-	-	(800,000)	(800,000)
Transfers out	<u>(13,934)</u>	<u>(13,934)</u>	<u>(13,934)</u>	-
Total other financing sources and uses	<u>761,066</u>	<u>786,066</u>	<u>(13,934)</u>	<u>(800,000)</u>
Capital contributed	<u>-</u>	<u>-</u>	<u>281,146</u>	<u>281,146</u>
Change in net assets	\$ <u><u>(187,885)</u></u>	\$ <u><u>67,126</u></u>	429,511	\$ <u><u>362,385</u></u>
Net assets				
Beginning of year			<u>4,397,914</u>	
End of year			\$ <u><u>4,827,425</u></u>	

(Concluded)

City of Prospect Heights, Illinois

Parking Fund

Schedule of Detailed Revenues, Expenses, and Change in Net Assets

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services - parking fees	\$ 43,680	\$ 48,000	\$ 53,375	\$ 5,375
Operating expenses				
Contractual services				
Supplies	800	800	290	510
Audit	925	925	855	70
Professional services	9,240	9,240	388	8,852
Utilities	9,550	9,550	10,413	(863)
Facility rent	14,063	14,063	8,037	6,026
Liability insurance	7,632	6,583	6,583	-
Insurance deductibles	2,500	2,500	-	2,500
Ice control materials	450	450	482	(32)
Total contractual services	45,160	44,111	27,048	17,063
Capital outlay				
Equipment and improvements	1,343	6,435	5,434	1,001
Total operating expenses, excluding depreciation	46,503	50,546	32,482	18,064
Operating income (loss) before depreciation	(2,823)	(2,546)	20,893	23,439
Depreciation	32,316	32,316	32,136	180
Operating loss	(35,139)	(34,862)	(11,243)	23,619
Nonoperating revenues				
Miscellaneous income	130	130	53	(77)
Net loss before transfers	\$ (35,009)	\$ (34,732)	\$ (11,190)	\$ 23,542

(Continued)

City of Prospect Heights, Illinois

Parking Fund

Schedule of Detailed Revenues, Expenses, and Change in Net Assets

Budget and Actual (Continued)

Year Ended April 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Transfers				
Transfers in	\$ 14,713	\$ 14,713	\$ 14,713	\$ -
Transfers out	(12,020)	(12,020)	(12,020)	-
Total transfers	<u>2,693</u>	<u>2,693</u>	<u>2,693</u>	<u>-</u>
Change in net assets	\$ <u>(32,316)</u>	\$ <u>(32,039)</u>	(8,497)	\$ <u>23,542</u>
Net assets				
Beginning of year			<u>506,091</u>	
End of year			\$ <u>497,594</u>	

(Concluded)

City of Prospect Heights, Illinois

Police Pension Fund

Schedule of Changes in Plan Net Assets

Budget and Actual

Year Ended April 30, 2011

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Additions				
Employer contributions	\$ 673,805	\$ 673,805	\$ 661,555	\$ (12,250)
Employee contributions	173,894	161,150	157,975	(3,175)
Total contributions	847,699	834,955	819,530	(15,425)
Investment income				
Interest income	136,000	136,000	128,546	(7,454)
Dividends	-	-	54,673	54,673
Net increase in fair value	-	-	624,318	624,318
Total investment income	136,000	136,000	807,537	671,537
Total additions	983,699	970,955	1,627,067	656,112
Deductions				
Administrative				
Professional fees	34,100	34,100	45,114	(11,014)
State filing fee	700	700	1,233	(533)
Disability benefits	56,332	104,090	104,089	1
Pension benefits	-	29,913	29,913	-
Total deductions	91,132	168,803	180,349	(11,546)
Net increase in plan net assets	\$ 892,567	\$ 802,152	1,446,718	\$ 644,566
Plan net assets held in trust for employees' pension benefits				
Beginning of year			7,667,034	
End of year			\$ 9,113,752	

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

City of Prospect Heights, Illinois

Capital Assets Used in the Operation of Governmental Funds

Schedule by Source

April 30, 2011

Governmental capital assets:

Land	\$	2,107,040
Rights of way		5,557,297
Easements		42,000
Machinery and equipment		132,494
Vehicles		896,251
Office furniture and equipment		248,969
Buildings and improvements		5,361,015
Infrastructure		<u>26,891,011</u>

Total governmental capital assets	\$	<u><u>41,236,077</u></u>
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Investments in governmental capital assets by source:

General revenues	\$	<u><u>41,236,077</u></u>
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City of Prospect Heights, Illinois
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
April 30, 2011

Capital Assets	FUNCTION AND ACTIVITY			
	General Government	Public Safety	Public Works	Total
Land	\$ 1,672,050	\$ 319,990	\$ 115,000	\$ 2,107,040
Rights of way	-	-	5,557,297	5,557,297
Easements	42,000	-	-	42,000
Machinery and equipment	-	11,856	120,638	132,494
Vehicles	17,074	367,604	511,573	896,251
Office furniture and equipment	210,645	38,324	-	248,969
Buildings and improvements	3,293,445	1,658,970	408,600	5,361,015
Infrastructure	-	-	26,891,011	26,891,011
Total	\$ 5,235,214	\$ 2,396,744	\$ 33,604,119	\$ 41,236,077

City of Prospect Heights, Illinois

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

Year Ended April 30, 2011

<u>FUNCTION AND ACTIVITY</u>	<u>Capital Assets May 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Capital Assets April 30, 2011</u>
General government	\$ 5,235,214	\$ -	\$ -	\$ 5,235,214
Public safety	2,374,261	65,069	42,586	2,396,744
Public works	<u>33,945,854</u>	<u>-</u>	<u>341,735</u>	<u>33,604,119</u>
Total governmental capital assets	\$ <u>41,555,329</u>	\$ <u>65,069</u>	\$ <u>384,321</u>	\$ <u>41,236,077</u>

STATISTICAL SECTION
(Unaudited)

City of Prospect Heights, Illinois

Index for Statistical Section

April 30, 2011

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

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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City of Prospect Heights, Illinois

Index for Statistical Section (Continued)

April 30, 2011

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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.

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City of Prospect Heights, Illinois
SCHEDULE OF NET ASSETS
 Last Eight Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 21,752,186	\$ 20,972,145	\$ 20,725,620	\$ 19,093,542	\$ 20,236,294	\$ 17,827,678	\$ 17,505,641	\$ 16,968,210
Restricted	527,035	527,036	381,740	-	-	-	-	-
Restricted for enabling legislation*	-	-	-	10,833,196	4,364,075	6,105,434	6,274,195	6,346,248
Unrestricted	<u>(13,103,623)</u>	<u>(12,859,279)</u>	<u>(2,990,640)</u>	<u>(7,808,810)</u>	<u>(2,286,219)</u>	<u>(3,990,502)</u>	<u>(3,673,566)</u>	<u>(4,487,178)</u>
Total governmental activities net assets	\$ <u>9,175,598</u>	\$ <u>8,639,902</u>	\$ <u>18,116,720</u>	\$ <u>22,117,928</u>	\$ <u>22,314,150</u>	\$ <u>19,942,610</u>	\$ <u>20,106,270</u>	\$ <u>18,827,280</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 2,371,539	\$ 2,279,502	\$ 2,183,941	\$ 2,088,380	\$ 2,008,657	\$ 3,807,860	\$ 3,828,488	\$ 4,016,858
Restricted	-	68,967	68,967	629,541	112,906	314,191	-	-
Unrestricted	<u>40,813,054</u>	<u>43,773,675</u>	<u>45,469,493</u>	<u>50,217,528</u>	<u>47,347,812</u>	<u>46,499,023</u>	<u>47,750,069</u>	<u>47,716,056</u>
Total business-type activities net assets	\$ <u>43,184,593</u>	\$ <u>46,122,144</u>	\$ <u>47,722,401</u>	\$ <u>52,935,449</u>	\$ <u>49,469,375</u>	\$ <u>50,621,074</u>	\$ <u>51,578,557</u>	\$ <u>51,732,914</u>
Total City								
Invested in capital assets, net of related debt	\$ 24,123,725	\$ 23,251,647	\$ 22,909,561	\$ 21,181,922	\$ 22,244,951	\$ 21,635,538	\$ 21,334,129	\$ 20,985,068
Restricted	527,035	596,003	450,707	629,541	112,906	314,191	-	-
Restricted for enabling legislation*	-	-	-	10,833,196	4,364,075	6,105,434	6,274,195	6,346,248
Unrestricted	<u>27,709,431</u>	<u>30,914,396</u>	<u>42,478,853</u>	<u>42,408,718</u>	<u>45,061,593</u>	<u>42,508,521</u>	<u>44,076,503</u>	<u>43,228,878</u>
Total City net assets	\$ <u>52,360,191</u>	\$ <u>54,762,046</u>	\$ <u>65,839,121</u>	\$ <u>75,053,377</u>	\$ <u>71,783,525</u>	\$ <u>70,563,684</u>	\$ <u>71,684,827</u>	\$ <u>70,560,194</u>

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.

* GASB No. 46 (effective for periods beginning after June 15, 2005) requires governments to disclose the portion of net assets that is restricted for enabling legislation.

The City implemented GASB Statement 34 in FY2003-04; schedules presenting government-wide information include information beginning in that year.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
SCHEDULE OF CHANGES IN NET ASSETS
 Last Eight Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 2,893,272	\$ 2,436,261	\$ 2,981,986	\$ 3,750,986	\$ 2,732,192	\$ 3,304,442	\$ 3,030,035	\$ 2,860,587
Public safety	3,609,476	3,597,489	3,691,732	3,760,952	4,178,099	4,572,334	4,363,453	4,078,228
Public works	1,638,596	1,672,544	1,543,267	1,666,341	1,974,932	3,870,940	2,105,904	1,710,818
Interest on long-term debt	970,204	297,396	473,215	843,691	309,003	1,402,804	742,318	674,241
Total governmental activities expenses	<u>9,111,548</u>	<u>8,003,690</u>	<u>8,690,200</u>	<u>10,021,970</u>	<u>9,194,226</u>	<u>13,150,520</u>	<u>10,241,710</u>	<u>9,323,874</u>
Business-type activities:								
Water	374,597	387,331	492,534	353,117	388,808	532,353	510,322	1,287,921
Parking	86,817	98,270	95,726	92,788	88,190	74,485	75,231	64,618
Total business-type activities expenses	<u>461,414</u>	<u>485,601</u>	<u>588,260</u>	<u>445,905</u>	<u>476,998</u>	<u>606,838</u>	<u>585,553</u>	<u>1,352,539</u>
Total City expenses	<u>\$ 9,572,962</u>	<u>\$ 8,489,291</u>	<u>\$ 9,278,460</u>	<u>\$ 10,467,875</u>	<u>\$ 9,671,224</u>	<u>\$ 13,757,358</u>	<u>\$ 10,827,263</u>	<u>\$ 10,676,413</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 677,323	\$ 723,248	\$ 730,300	\$ 951,312	\$ 966,243	\$ 1,476,152	\$ 1,884,664	\$ 1,908,177
Public safety	95,190	113,951	103,822	87,915	124,482	330,788	455,974	389,228
Operating grants and contributions	717,149	621,062	705,677	937,112	693,034	748,505	680,383	988,568
Capital grants and contributions	-	-	-	-	50,000	101,613	18,551	2,373
Total governmental activities program revenues	<u>1,489,662</u>	<u>1,458,261</u>	<u>1,539,799</u>	<u>1,976,339</u>	<u>1,833,759</u>	<u>2,657,058</u>	<u>3,039,572</u>	<u>3,288,346</u>
Business-type activities:								
Charges for services - water	376,978	371,773	369,447	434,643	441,032	516,240	588,885	761,883
Charges for services - parking	38,088	41,481	41,935	44,825	46,272	49,928	42,991	53,375
Capital grants and contributions	-	-	-	-	-	-	-	955,781
Total business-type activities program revenues	<u>415,066</u>	<u>413,254</u>	<u>411,382</u>	<u>479,468</u>	<u>487,304</u>	<u>566,168</u>	<u>631,876</u>	<u>1,771,039</u>
Total City program revenues	<u>\$ 1,904,728</u>	<u>\$ 1,871,515</u>	<u>\$ 1,951,181</u>	<u>\$ 2,455,807</u>	<u>\$ 2,321,063</u>	<u>\$ 3,223,226</u>	<u>\$ 3,671,448</u>	<u>\$ 5,059,385</u>

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.

The City implemented GASB Statement 34 in FY2003-04; schedules presenting government-wide information include information beginning in that year.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

(Continued)

City of Prospect Heights, Illinois
SCHEDULE OF CHANGES IN NET ASSETS
 Last Eight Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue								
Governmental activities	\$ (7,621,886)	\$ (6,545,429)	\$ (7,150,401)	\$ (8,045,631)	\$ (7,360,467)	\$ (10,493,462)	\$ (7,202,138)	\$ (6,035,528)
Business-type activities	(46,348)	(72,347)	(176,878)	33,563	10,306	(40,670)	46,323	418,500
Total government net expense	<u>\$ (7,668,234)</u>	<u>\$ (6,617,776)</u>	<u>\$ (7,327,279)</u>	<u>\$ (8,012,068)</u>	<u>\$ (7,350,161)</u>	<u>\$ (10,534,132)</u>	<u>\$ (7,155,815)</u>	<u>\$ (5,617,028)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 974,984	\$ 1,212,537	\$ 1,648,274	\$ 2,418,999	\$ 1,515,968	\$ 2,037,894	\$ 2,100,769	\$ 1,765,557
Income	1,192,490	1,246,811	1,177,520	1,423,381	1,609,310	1,504,248	1,317,403	1,321,848
Sales and local use	1,104,976	997,745	1,081,226	1,128,681	1,089,360	994,519	868,525	959,334
Non-home rule sales	-	-	182,979	324,882	304,171	273,114	251,205	275,968
Telecommunications	696,863	807,069	886,006	1,038,925	892,638	784,558	693,243	597,117
Utility	735,257	722,053	824,245	729,859	778,801	696,820	596,655	617,393
Hotel occupancy tax	524,602	481,920	640,197	722,974	787,654	589,140	474,657	556,317
Places for eating tax	-	-	-	-	-	3,544	234,626	233,943
Other	27,459	27,157	30,899	33,658	34,962	39,893	41,510	36,143
Investment earnings	48,170	61,782	147,557	374,876	260,192	70,117	10,126	9,660
Insurance proceeds	-	-	-	1,681,190	190,834	360,224	-	-
Miscellaneous	768,256	441,659	664,548	395,290	214,394	810,105	839,343	188,606
Impairment of land held for resale	-	-	-	-	-	-	-	(1,816,589)
Transfers	17,000	11,000	58,972	59,612	68,800	43,723	11,845	11,241
Total governmental activities	<u>6,090,057</u>	<u>6,009,733</u>	<u>7,342,423</u>	<u>10,332,327</u>	<u>7,747,084</u>	<u>8,207,899</u>	<u>7,439,907</u>	<u>4,756,538</u>
Business-type activities:								
Investment earnings	2,096	2,793	2,858	10,813	10,678	10,858	4,179	3,126
Joint venture - airport	688,046	3,016,905	1,833,249	5,227,835	(618,055)	(799,271)	902,590	(266,657)
Transfers	(17,000)	(11,000)	(58,972)	(59,612)	(68,800)	(43,723)	(11,845)	(11,241)
Miscellaneous	193	1,200	-	449	3,100	115,054	16,236	10,629
Total business-type activities	<u>673,335</u>	<u>3,009,898</u>	<u>1,777,135</u>	<u>5,179,485</u>	<u>(673,077)</u>	<u>(717,082)</u>	<u>911,160</u>	<u>(264,143)</u>
Total City	<u>\$ 6,763,392</u>	<u>\$ 9,019,631</u>	<u>\$ 9,119,558</u>	<u>\$ 15,511,812</u>	<u>\$ 7,074,007</u>	<u>\$ 7,490,817</u>	<u>\$ 8,351,067</u>	<u>\$ 4,492,395</u>
Governmental activities:								
Special item - cancellation of debt	\$ -	\$ -	\$ 9,375,000	\$ -	\$ -	\$ -	\$ -	\$ -
Special item - sale of land held for resale	-	-	-	2,620,575	-	-	-	-
Extraordinary item - disaster loss	-	-	-	(906,063)	-	-	-	-
Business-type activities:								
Capital contributed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,909,451	\$ -	\$ -
Change in Net Assets								
Governmental activities	(1,531,829)	(535,696)	9,567,022	4,001,208	386,617	(2,285,563)	237,769	(1,278,990)
Business-type activities	626,987	2,937,551	1,600,257	5,213,048	(662,771)	1,151,699	957,483	154,357
Total City	<u>\$ (904,842)</u>	<u>\$ 2,401,855</u>	<u>\$ 11,167,279</u>	<u>\$ 9,214,256</u>	<u>\$ (276,154)</u>	<u>\$ (1,133,864)</u>	<u>\$ 1,195,252</u>	<u>\$ (1,124,633)</u>

City of Prospect Heights, Illinois
PROGRAM REVENUES BY FUNCTION / PROGRAM
 Last Eight Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program								
Governmental activities:								
General government	\$ 894,034	\$ 838,022	\$ 931,773	\$ 1,293,139	\$ 1,145,805	\$ 1,737,037	\$ 2,049,179	\$ 2,041,741
Public safety	95,190	113,951	103,822	87,915	201,472	464,784	550,209	731,202
Public works	<u>500,438</u>	<u>506,288</u>	<u>504,204</u>	<u>504,163</u>	<u>486,482</u>	<u>455,237</u>	<u>440,184</u>	<u>515,403</u>
Subtotal governmental activities	<u>1,489,662</u>	<u>1,458,261</u>	<u>1,539,799</u>	<u>1,885,217</u>	<u>1,833,759</u>	<u>2,657,058</u>	<u>3,039,572</u>	<u>3,288,346</u>
Business-type activities:								
Water	376,978	371,773	369,447	434,643	441,032	516,240	588,885	1,717,664
Parking	<u>38,088</u>	<u>41,481</u>	<u>41,935</u>	<u>44,825</u>	<u>46,272</u>	<u>49,928</u>	<u>42,991</u>	<u>53,375</u>
Subtotal business-type activities	<u>415,066</u>	<u>413,254</u>	<u>411,382</u>	<u>479,468</u>	<u>487,304</u>	<u>566,168</u>	<u>631,876</u>	<u>1,771,039</u>
Total City	<u>\$ 1,904,728</u>	<u>\$ 1,871,515</u>	<u>\$ 1,951,181</u>	<u>\$ 2,364,685</u>	<u>\$ 2,321,063</u>	<u>\$ 3,223,226</u>	<u>\$ 3,671,448</u>	<u>\$ 5,059,385</u>

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.

The City implemented GASB Statement 34 in FY2003-04; schedules presenting government-wide information include information beginning in that year.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

Fiscal Year Ended April 30th	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved for specific purposes	\$ 288,055	\$ 318,708	\$ 527,035	\$ 527,036	\$ 381,740	\$ 121,642	\$ 63,553	\$ 51,909	\$ 63,679	\$ 158,904
Reserved for advances	-	-	-	-	-	1,684,874	760,754	721,733	693,843	693,843
Unreserved	<u>1,080,504</u>	<u>548,931</u>	<u>126,946</u>	<u>(50,366)</u>	<u>182,535</u>	<u>(328,375)</u>	<u>2,251,267</u>	<u>1,590,502</u>	<u>1,551,060</u>	<u>2,192,883</u>
Total General Fund	<u>1,368,559</u>	<u>867,639</u>	<u>653,981</u>	<u>476,670</u>	<u>564,275</u>	<u>1,478,141</u>	<u>3,075,574</u>	<u>2,364,144</u>	<u>2,308,582</u>	<u>3,045,630</u>
All other governmental funds										
Reserved for specific purposes	-	-	-	-	-	-	4,874,589	4,874,589	6,841,485	4,844,250
Reserved for advances	-	-	-	-	-	1,344,042	1,373,482	1,087,071	1,112,972	1,089,591
Unreserved, reported in:										
Special revenue funds	2,570,516	3,244,440	3,852,425	4,207,407	18,047,943	2,910,952	2,191,300	2,559,547	3,059,537	3,434,579
Debt service funds	-	-	-	-	-	6,522,299	1,069,290	2,027,091	-	-
Capital projects funds	<u>(284,180)</u>	<u>(182,582)</u>	<u>(1,255,970)</u>	<u>(1,257,425)</u>	<u>(1,216,025)</u>	<u>679,693</u>	<u>(458,260)</u>	<u>185,411</u>	<u>261,512</u>	<u>259,171</u>
Total all other governmental funds	<u>2,286,336</u>	<u>3,061,858</u>	<u>2,596,455</u>	<u>2,949,982</u>	<u>16,831,918</u>	<u>11,456,986</u>	<u>9,050,401</u>	<u>10,733,709</u>	<u>11,275,506</u>	<u>9,627,591</u>
Total	<u>\$ 3,654,895</u>	<u>\$ 3,929,497</u>	<u>\$ 3,250,436</u>	<u>\$ 3,426,652</u>	<u>\$ 17,396,193</u>	<u>\$ 12,935,127</u>	<u>\$ 12,125,975</u>	<u>\$ 13,097,853</u>	<u>\$ 13,584,088</u>	<u>\$ 12,673,221</u>

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

Fiscal Year Ended April 30th	2002	2003	2004	2005	2006
Revenues					
Taxes ⁽¹⁾	\$ 2,719,272	\$ 3,030,968	\$ 3,459,603	\$ 3,757,024	\$ 4,533,825
Licenses	287,800	371,376	470,778	479,974	356,564
Fines and forfeits	92,987	100,357	95,190	113,951	103,822
Charges for services	404,885	423,576	462,433	491,065	575,587
Intergovernmental ⁽²⁾	2,241,823	2,214,496	2,297,466	2,244,556	2,441,725
Interest income	101,211	85,979	48,170	61,782	147,557
Grants	189,135	628,789	216,711	114,774	201,473
Miscellaneous	254,966	672,355	512,368	201,868	447,067
Total revenues	6,292,079	7,527,896	7,562,719	7,464,994	8,807,620
Expenditures					
General government	2,232,726	1,806,929	2,477,203	2,219,392	3,083,155
Public safety	2,481,314	2,949,831	3,595,898	3,557,498	3,767,320
Public works	772,632	907,056	902,919	864,583	764,615
Capital outlay	96,790	545,375	1,131,176	72,374	53,350
Debt service					
Principal	144,453	401,020	4,406,380	288,535	-
Interest	568,693	680,127	970,203	297,396	648,215
Debt issuance costs	-	-	-	-	214,502
Total expenditures	6,296,608	7,290,338	13,483,779	7,299,778	8,531,157
Excess of revenues over (under) expenditures	(4,529)	237,558	(5,921,060)	165,216	276,463
Impairment of land held for resale	-	-	-	-	-
Other Financing Sources (Uses)					
Proceeds from borrowing	-	-	5,225,000	-	13,724,310
Proceeds from insurance recovery	-	-	-	-	-
Transfers in	28,000	144,454	339,175	465,788	580,775
Transfers out	28,000	(144,454)	(322,175)	(454,788)	(521,803)
Total other financing sources (uses)	56,000	-	5,242,000	11,000	13,783,282
Special item					
Gain on sale of land	-	-	-	-	-
Net change in fund balances	\$ 51,471	\$ 237,558	\$ (679,060)	\$ 176,216	\$ 14,059,745
Debt service as a percentage of noncapital expenditures	11.5%	15.0%	43.3%	8.1%	8.2%

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, motor fuel, utility, hotel, road and bridge, personal property replacement, auto rental, and places for eating taxes.

(2) Intergovernmental includes sales, non-home rule sales, local use and income tax. Beginning in fiscal year 2011, this also includes equitable sharing - previously included in miscellaneous revenues.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

	2007	2008	2009	2010	2011
\$	5,448,578	\$ 4,496,505	\$ 4,607,086	\$ 4,581,644	\$ 4,321,873
	507,320	450,572	475,530	877,534	851,454
	87,915	87,720	309,674	432,094	376,583
	443,992	555,188	1,021,736	1,031,010	1,069,368
	2,876,944	3,002,841	2,771,881	2,437,133	2,725,357
	374,876	260,192	70,117	10,126	9,660
	432,949	256,552	394,881	258,750	307,331
	383,842	214,394	810,105	840,626	183,469
	<u>10,556,416</u>	<u>9,323,964</u>	<u>10,461,010</u>	<u>10,468,917</u>	<u>9,845,095</u>
	3,773,146	2,414,024	3,212,292	2,872,824	2,724,788
	3,734,543	4,085,050	4,255,123	3,962,324	3,744,385
	916,344	1,038,272	1,170,516	723,685	578,591
	2,178,240	3,203,202	2,969,541	844,958	12,428
	10,126,082	595,000	7,253,228	1,315,000	1,440,000
	843,691	309,003	1,023,517	483,734	450,422
	55,599	42,500	207,341	-	-
	<u>21,627,645</u>	<u>11,687,051</u>	<u>20,091,558</u>	<u>10,202,525</u>	<u>8,950,614</u>
	(11,071,229)	(2,363,087)	(9,630,548)	266,392	894,481
	-	-	-	-	1,816,589
	2,248,786	2,045,000	10,160,305	282,107	-
	1,681,190	190,834	360,224	-	-
	2,935,706	7,107,673	865,872	1,120,214	600,760
	<u>(2,876,094)</u>	<u>(7,038,873)</u>	<u>(822,149)</u>	<u>(1,108,369)</u>	<u>(589,519)</u>
	<u>3,989,588</u>	<u>2,304,634</u>	<u>10,564,252</u>	<u>293,952</u>	<u>11,241</u>
	<u>2,620,575</u>	-	-	-	-
\$	<u>(4,461,066)</u>	<u>(58,453)</u>	<u>933,704</u>	<u>560,344</u>	<u>(910,867)</u>
	57.2%	10.3%	50.2%	18.2%	21.3%

City of Prospect Heights, Illinois
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

Fiscal Year Ended April 30 th	Property	Income	Sales and Local Use	Non-Home Rule Sales(1)	Utility	Telecom	Motor Fuel	Hotel	Places for Eating (2)	Other	Total
2002	\$ 477,913	\$ 1,088,200	\$ 1,153,623	\$ -	\$ 627,103	\$ 653,196	\$ 508,924	\$ 427,153	\$ -	\$ 24,983	\$ 4,961,095
2003	849,021	1,122,448	1,092,048	-	739,927	498,772	498,348	420,147	-	24,753	5,245,464
2004	974,984	1,192,490	1,104,976	-	735,257	696,863	500,438	524,602	-	27,459	5,757,069
2005	1,212,537	1,246,811	997,745	-	722,053	807,069	506,288	481,920	-	27,157	6,001,580
2006	1,648,274	1,177,520	1,081,226	182,979	824,245	886,006	504,204	640,197	-	30,899	6,975,550
2007	2,418,999	1,423,381	1,128,681	324,882	729,859	1,038,925	504,163	722,974	-	33,658	8,325,522
2008	1,515,968	1,609,310	1,089,360	304,171	778,801	892,638	486,482	787,654	-	34,962	7,499,346
2009	2,037,894	1,504,248	994,519	273,114	696,820	784,558	455,237	589,140	3,544	39,893	7,378,967
2010	2,100,769	1,317,403	868,525	251,205	596,655	693,243	440,184	474,657	234,626	41,510	7,018,777
2011	1,765,557	1,321,848	959,334	275,968	617,393	597,117	515,403	556,317	233,943	36,143	6,879,023

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) The City enacted a non-home rule sales tax effective July 2005.

(2) The City enacted the Places for Eating tax in February 2009.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
ASSESSED 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
2001	\$ 229,255,100	\$ 86,773,900	\$ 21,557,412	\$ 3,003	\$ 337,589,415	\$ 0.000	\$ 1,013,782,027
2002	246,996,930	89,899,051	24,204,729	3,003	361,103,713	0.000	1,084,395,535
2003	245,106,345	88,131,012	24,170,046	3,003	357,410,406	0.054	1,073,304,523
2004	292,547,866	94,976,832	29,325,107	3,003	416,852,808	0.048	1,251,810,234
2005	313,756,231	94,974,972	34,664,069	3,003	443,398,275	0.047	1,331,526,351
2006	319,325,597	96,367,669	31,829,908	3,003	447,526,177	0.051	1,343,922,453
2007	386,195,129	112,283,291	30,575,423	3,003	529,056,846	0.045	1,588,759,297
2008	416,195,759	113,588,337	31,224,930	3,003	561,012,029	0.045	1,684,720,808
2009	441,921,457	87,412,853	28,234,883	1,877	557,571,070	0.046	1,674,387,598
2010*	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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.

*2010 Equalized Assessed Values will not be available from Cook County until late fall of 2011.

N/A - Information not yet available.

Data Source

Cook County Tax Extension Office

City of Prospect Heights, Illinois
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Levy Years*

Name of Taxing Entity/Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010**
CITY DIRECT RATES										
Police Pension	-	-	0.054	0.048	0.047	0.051	0.045	0.045	0.046	N/A
TOTAL DIRECT RATES	-	-	0.054	0.048	0.047	0.051	0.045	0.045	0.046	-
OVERLAPPING RATES										
County of Cook	0.746	0.690	0.630	0.593	0.533	0.500	0.446	0.415	0.394	N/A
Forest Preserve District of Cook County	0.067	0.061	0.059	0.060	0.060	0.057	0.053	0.051	0.049	N/A
Metropolitan Water Reclamation District	0.401	0.371	0.361	0.347	0.315	0.284	0.263	0.252	0.261	N/A
Suburban T.B. Sanitarium	0.007	0.006	0.004	0.001	0.005	0.005	-	-	-	N/A
Consolidated Elections	0.032	-	0.029	-	0.014	-	0.012	-	0.021	N/A
Northfield Township - General	0.014	0.015	0.009	0.012	0.011	0.011	0.010	0.009	0.010	N/A
Northfield Township - General Assistance	-	0.002	0.010	0.006	0.008	0.008	0.008	0.009	0.010	N/A
Northfield Township - Road & Bridge	0.036	0.035	0.037	0.033	0.033	0.035	0.030	0.030	0.031	N/A
Wheeling Township - General	0.049	0.040	0.047	0.042	0.041	0.043	0.038	0.038	0.039	N/A
Wheeling Township - General Assistance	-	0.008	0.010	0.009	0.009	0.010	0.009	0.009	0.009	N/A
Wheeling Township - Road & Bridge	0.012	0.012	0.013	0.012	0.012	0.013	0.012	0.012	0.012	N/A
Northfield Woods Sanitary District	0.007	0.007	0.062	0.055	0.053	0.056	0.049	0.049	0.054	N/A
Old Town Sanitary District	0.082	0.079	0.082	0.073	0.071	0.074	0.039	0.015	0.015	N/A
Northwest Mosquito Abatement District	0.010	0.009	0.010	0.009	0.009	0.009	0.008	0.008	0.008	N/A
Arlington Heights Township High School #214	1.989	1.888	1.982	1.818	1.759	1.823	1.621	1.587	1.636	N/A
Northfield Township High School #225	1.740	1.682	1.736	1.516	1.475	1.623	1.403	1.383	1.395	N/A
Harper Community College District #512	0.310	0.296	0.308	0.279	0.281	0.288	0.260	0.256	0.258	N/A
Oakton Community College District #535	0.186	0.179	0.186	0.161	0.158	0.166	0.141	0.140	0.140	N/A
Arlington Heights Park District	0.484	0.458	0.516	0.466	0.453	0.461	0.404	0.379	0.392	N/A
Prospect Heights Park District	0.692	0.656	0.730	0.662	0.640	0.658	0.561	0.544	0.523	N/A
River Trails Park District	0.524	0.485	0.517	0.484	0.480	0.484	0.428	0.422	0.433	N/A
Wheeling Park District	0.538	0.519	0.562	0.521	0.512	0.535	0.492	0.496	0.490	N/A

(Continued)

City of Prospect Heights, Illinois
DIRECT AND OVERLAPPING PROPERTY TAX RATES (Continued)
 Last Ten Levy Years

Name of Taxing Entity/Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010**
OVERLAPPING RATES										
Prospect Heights Public Library District	0.322	0.314	0.324	0.369	0.410	0.433	0.340	0.337	0.343	N/A
Indian Trails Public Library District	0.280	0.300	0.340	0.323	0.312	0.320	0.297	0.308	0.307	N/A
Northbrook Rural Fire Protection District	0.428	0.506	0.553	0.579	0.565	0.586	0.503	0.501	0.552	N/A
Prospect Heights Fire Protection District	0.510	0.567	0.819	0.731	0.767	0.795	0.693	0.677	0.652	N/A
Glenbrook Fire District	0.562	0.543	0.567	0.499	0.484	0.530	0.470	0.470	0.522	N/A
City of Prospect Heights:										
Special Service Area #1	0.282	0.327	0.340	0.308	0.291	0.296	0.190	0.187	0.176	N/A
Special Service Area #2	0.781	0.788	0.781	0.688	0.678	0.692	0.233	0.229	0.229	N/A
Special Service Area #3	0.393	0.404	0.408	0.409	0.393	0.397	0.200	0.196	0.188	N/A
Special Service Area #4	0.249	0.237	0.238	0.268	0.245	0.256	0.189	0.208	0.191	N/A
Special Service Area #5	0.157	0.167	0.180	0.155	0.168	0.173	0.163	0.170	0.112	N/A
Special Service Area #6	-	-	-	-	-	-	-	0.958	0.906	N/A
School District #21 - Wheeling	2.886	3.266	3.575	3.262	3.394	3.502	3.154	3.161	3.209	N/A
School District #23 - Prospect Heights	3.345	3.183	3.344	2.987	2.880	2.948	2.418	2.363	2.253	N/A
School District #25 - Arlington Heights	3.730	3.527	3.653	3.156	3.225	3.295	2.890	2.807	2.510	N/A
School District #26 - River Trails	3.212	3.192	3.313	2.948	2.880	3.047	2.698	2.696	2.703	N/A
School District #31 - West Northfield	1.813	1.631	1.811	1.605	1.542	1.624	1.405	1.402	1.494	N/A

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

**2010 tax rates will not be available from Cook County until late fall of 2011.

Data Source

Cook County Tax Extension Office

(Concluded)

City of Prospect Heights, Illinois
PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago

Taxpayer	At Fiscal Year End April 30, 2011			At Fiscal Year End April 30, 2002		
	2009 Taxable Assessed Value	Rank	Percentage of Total City 2009 Taxable Assessed Value	2000 Taxable Assessed Value	Rank	Percentage of Total City 2000 Taxable Assessed Value
Allstate Insurance Co.	\$ 17,617,879	1	3.16%	23,436,884	1	8.05%
Briarwood Lakes LP	12,132,323	2	2.18%	9,806,093	2	3.37%
Frank S. Allgauer	6,917,420	3	1.24%	9,305,103	3	3.19%
Bays Northbrook Hosp C	6,713,387	4	1.20%			
CR Congress LLC	11,166,503	5	2.00%	5,830,008	5	2.00%
Palwaukee Plaza	8,425,223	6	1.51%			
Voss Bros	3,871,281	7	0.69%	2,998,846	7	1.03%
HCP Inc.	3,771,196	8	0.68%			
The Radler Group Inc.	3,356,606	9	0.60%			
Signature Flight	2,719,893	10	0.49%			
HBE Corporation				8,115,757	4	2.79%
Pabcor				4,520,367	6	1.55%
Taxpayer				2,233,177	8	0.77%
Excel Inn Prospect Heights				2,193,245	9	0.75%
Marriott International				2,124,857	10	0.73%
	\$ 76,691,711		13.75%	\$ 70,564,337		24.23%
Total assessed valuation	\$ 557,571,070			\$ 291,282,469		

Data Source

Cook County Tax Extension Office

City of Prospect Heights, Illinois
SALES TAX BY CATEGORY
 Last Ten Calendar Years ⁽¹⁾

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General merchandise ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	202,470	183,856	166,631	115,348	107,807	117,040	130,081	101,964	106,410	121,171
Drinking and eating places	171,015	167,322	192,969	167,553	162,939	179,261	258,559	218,555	166,615	145,295
Apparel	57,620	48,903	42,059	39,136	41,062	33,454	26,387	20,217	10,995	6,661
Furniture and H.H. and radio	27,585	27,322	25,131	23,363	24,486	28,419	28,865	28,000	27,652	28,087
Lumber, building, hardware ⁽²⁾	-	-	-	-	-	-	-	6,412	5,158	10,862
Automobile and filling stations	158,691	144,315	144,517	111,810	119,276	131,520	116,800	113,253	86,444	91,788
Drugs and miscellaneous retail	144,504	142,935	161,589	165,487	200,533	203,064	208,103	215,253	176,769	205,095
Agriculture and all others	173,059	203,138	151,182	188,383	200,449	201,553	79,979	86,851	83,280	54,882
Manufacturers ⁽²⁾	7,990	5,965	9,573	9,872	7,411	4,559	4,371	-	-	-
Unclassified ⁽²⁾	13,031	11,437	15,493	11,249	12,459	13,461	14,408	15,046	14,945	15,816
TOTAL	\$ 955,965	\$ 935,193	\$ 909,144	\$ 832,201	\$ 876,422	\$ 912,331	\$ 867,553	\$ 805,551	\$ 678,268	\$ 679,656
CITY'S DIRECT SALES TAX RATE	1.00%									
NUMBER OF TAXPAYERS	333	329	324	329	363	386	375	304	292	276

Notes:

⁽¹⁾ Data not available on a City fiscal-year basis. Data available for a calendar year only.

⁽²⁾ Blank categories have less than 4 taxpayers; therefore, no data is shown to protect the confidentiality of individual taxpayers. Total sales tax 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, Illinois
DIRECT AND OVERLAPPING SALES TAX RATES
 Last Ten Fiscal Years

Fiscal Year Ended April 30th	City Direct Rate	City Non-Home Rule Rate ⁽¹⁾	State of Illinois Rate	Cook County Rate	Regional Transportation Authority Rate	Total Sales Tax Rate
2002	1.00%	0.00%	5.00%	1.00%	0.75%	7.75%
2003	1.00	0.00	5.00	1.00	0.75	7.75
2004	1.00	0.00	5.00	1.00	0.75	7.75
2005	1.00	0.00	5.00	1.00	0.75	7.75
2006	1.00	0.50	5.00	1.00	0.75	8.25
2007	1.00	0.50	5.00	1.00	0.75	8.25
2008	1.00	0.50	5.00	1.00	1.00	8.50
2009	1.00	0.50	5.00	2.00	1.00	9.50
2010	1.00	0.50	5.00	2.00	1.00	9.50
2011	1.00	0.50	5.00	1.50	1.00	9.00

Notes:

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

Data Source

Illinois Department of Revenue

City of Prospect Heights, Illinois
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Levy Years

Fiscal Year Ended April 30th	Levy Year	Total Tax Levy Extended	Collections within Fiscal Year of the Tax Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount ⁽¹⁾	Percentage of Levy		Amount	Percentage of Levy
2002	2001	\$ 205,931	\$ -	0.0%	\$ 204,697	\$ 204,697	99.4%
2003	2002	230,154	-	0.0	227,995	227,995	99.1
2004	2003	428,688	411,176	95.9	12,912	424,088	98.9
2005	2004	453,542	441,780	97.4	(3,080)	438,700	96.7
2006	2005	478,697	464,127	97.0	657	464,784	97.1
2007	2006	506,678	418,611	82.6	63,729	482,340	95.2
2008	2007	448,961	417,250	92.9	18,147	435,397	97.0
2009	2008	725,973	684,918	94.3	30,486	715,404	98.5
2010	2009	696,533	566,275	81.3	113,788	680,063	97.6
2011	2010 ⁽²⁾	699,429	359,959	51.5	-	359,959	51.5

(1) The City records used to obtain this information are not available for levy years 2001 through 2002. These records were either destroyed as authorized by the Local Records Unit of the Illinois State Archives or destroyed in the April 2006 City Hall fire.

(2) Levy year 2010 collections reflect first installment only. The 2010 extended tax levy will not be available until late fall 2011; therefore, total is based on the levy amount and not the extended levy.

Data Source

Cook County Treasurer and City of Prospect Heights Records

City of Prospect Heights, Illinois
PROPERTY TAX LEVIES AND COLLECTIONS BY TAXING AREA
 Last Ten Levy Years

Tax levy year	2001	2002	2003	2004	2005	2006	2007	2008	2,009	2010 ⁽¹⁾
City-wide - Police pension	\$ -	\$ -	\$ 190,510	\$ 192,520	\$ 201,464	\$ 220,970	\$ 233,078	\$ 248,963	\$ 249,016	\$ 130,612
Special services area #1	17,573	21,822	22,608	23,372	24,056	24,669	18,639	19,849	20,365	11,059
Special services area #2	28,040	30,350	30,437	33,491	35,318	35,873	14,010	15,259	15,848	8,769
Special services area #3	67,369	73,976	74,123	83,452	85,912	88,365	53,652	58,060	60,599	32,132
Special services area #4	20,663	20,745	20,613	23,569	23,571	17,416	14,209	16,991	17,642	9,621
Special services area #5	71,052	81,102	85,797	82,296	94,463	95,047	101,809	112,492	74,501	38,516
Special services area #6	-	-	-	-	-	-	-	243,790	242,092	129,250
Total collections to date	<u>\$ 204,697</u>	<u>227,995</u>	<u>424,088</u>	<u>438,700</u>	<u>464,784</u>	<u>482,340</u>	<u>435,397</u>	<u>715,404</u>	<u>680,063</u>	<u>359,959</u>
Levy as extended	<u>\$ 205,931</u>	<u>230,154</u>	<u>428,688</u>	<u>453,542</u>	<u>478,697</u>	<u>506,678</u>	<u>448,961</u>	<u>725,973</u>	<u>696,533</u>	<u>699,429</u>
Percent collected	99.4%	99.1%	98.9%	96.7%	97.1%	95.2%	97.0%	98.5%	97.6%	51.5%

(1) Levy year 2010 collections reflect first installment only. The 2010 extended tax levy will not be available until late fall 2011; therefore, total is based on the levy amount and not the extended levy.

Data Source

Cook County Treasurer

City of Prospect Heights, Illinois
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year Ended April 30 th	Governmental Activities					Business- Type Activities		Total City	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Tax Increment Notes Payable	Installment Contract Payable	Special Service Area Bonds	Note Payable	General Obligation Bonds				
2002	\$ -	\$ 5,490,000	\$ 540,934	\$ -	\$ -	\$ -	\$ 6,030,934	0.96%	\$ 355	
2003	-	13,710,000	139,914	-	-	-	13,849,914	2.23	822	
2004	-	14,600,000	68,535	-	-	-	14,668,535	2.38	879	
2005	-	14,380,000	-	-	-	-	14,380,000	2.36	870	
2006	13,724,310	4,830,000	-	-	-	-	18,554,310	3.07	1,133	
2007	6,003,228	4,645,000	-	-	-	-	10,648,228	1.78	657	
2008	7,643,228	4,455,000	-	-	-	-	12,098,228	2.03	750	
2009	7,995,305	4,210,000	-	2,800,000	-	-	15,005,305	2.53	935	
2010	7,450,305	3,540,000	-	2,700,000	225,685	-	13,915,990	2.36	872	
2011	6,885,305	2,750,000	-	2,615,000	169,264	800,000	13,219,569	N.A.*	813	

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

⁽¹⁾ Additional demographic information is available in the schedule of *Demographic and Economic Statistics, Table 19*.

* N.A. - The U.S. Census Bureau has not yet released income data from the 2010 Census

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year Ended April 30th	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property ⁽¹⁾	Per Capita ⁽²⁾
2002	\$ -	0.00%	\$ -
2003	-	0.00	-
2004	-	0.00	-
2005	-	0.00	-
2006	13,724,310	1.10	838.28
2007	6,003,228	0.45	370.20
2008	7,643,228	0.57	473.53
2009	7,995,305	0.50	498.24
2010	7,450,305	0.44	466.84
2011	7,685,305	0.46	472.77

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 2009 estimated actual value of taxable property provided for fiscal year 2011. See Table 7, *Assessed Value and Actual Value of Taxable Property*, for more property value information.

(2)

Population data can be found in Table 19, *Demographic and Economic Statistics*.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 April 30, 2011

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percentage of Debt Applicable to the City ⁽²⁾	City of Prospect Heights Share of Debt
City of Prospect Heights	\$ -	100.000 %	\$ -
Total Direct Debt	<u>-</u>		<u>-</u>
Cook County	3,499,615,000	0.314 %	1,098,879,110
Cook County Forest Preserve	101,935,000	0.314	32,007,590
Metropolitan Water Reclamation District ⁽³⁾	1,945,659,620	0.320	622,611,078
Indian Trails Public Library District	390,000	6.019	2,347,410
Arlington Heights Park District ^{(4) (5)}	20,475,000	1.132	23,177,700
Prospect Heights Park District ⁽⁴⁾	509,215	61.224	31,176,179
River Trails Park District ⁽⁴⁾	742,215	18.441	13,687,187
Wheeling Park District ⁽⁴⁾	4,035,000	5.467	22,059,345
School District 21 - Wheeling ⁽⁵⁾	38,368,974	6.407	245,830,016
School District 23 - Prospect Heights	3,345,000	38.594	129,096,930
School District 25 - Arlington Heights	15,190,000	0.270	4,101,300
School District 26 - River Trails	12,830,000	11.014	141,309,620
School District 31 - West Northfield	2,960,000	3.970	11,751,200
Township High School District 214 - Arlington Heights	30,020,000	4.628	138,932,560
Township High School District 225 - Northfield ⁽⁵⁾	96,684,613	0.484	46,795,353
Community College District 512 - Harper ⁽⁴⁾	<u>192,420,000</u>	2.104	<u>404,851,680</u>
Total Overlapping Debt	<u>5,965,179,637</u>		<u>2,968,614,258</u>
Total Direct and Overlapping Debt	<u>\$ 5,965,179,637</u>		<u>\$ 2,968,614,258</u>

- (1) Debt to be repaid from property taxes. Excludes tax anticipation warrants.
- (2) Determined by dividing the portion of the overlapping government's taxable assessed value located in the City of Prospect Heights by the total taxable assessed value of the overlapping government. Reflects 2009 taxable assessed values, the most current information available.
- (3) Includes IEPA Revolving Loan Fund Bonds
- (4) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.
- (5) Includes original principal amounts of General Obligation Capital Appreciation Bonds

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

City of Prospect Heights, Illinois
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Legal debt margin calculation for period ending April 30, 2011	
											Assessed value - 2009 tax year	\$ 557,571,070
											Debt limit (8.625% of assessed value)	48,090,505
											Debt applicable to limit:	
											General obligation debt	7,685,305
											Legal debt margin	\$ 40,405,200
Assessed value ⁽¹⁾	\$ 291,282,469	\$ 337,589,415	\$ 361,103,713	\$ 357,410,406	\$ 416,852,808	\$ 443,398,275	\$ 447,526,177	\$ 529,056,846	\$ 561,012,029	\$ 557,571,070		
Debt limit	25,123,113	29,117,087	31,145,195	30,826,648	35,953,555	38,243,101	38,599,133	45,631,153	48,387,288	48,090,505		
Total net debt applicable to limit	-	-	-	-	13,724,310	6,003,228	7,643,228	7,995,305	7,450,305	7,685,305		
Legal debt margin	\$ 25,123,113	\$ 29,117,087	\$ 31,145,195	\$ 30,826,648	\$ 22,229,245	\$ 32,239,873	\$ 30,955,904	\$ 37,635,848	\$ 40,936,983	\$ 40,405,200		
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	38.17%	15.70%	19.80%	17.52%	15.40%	15.98%		

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, 2009 assessed value provided for fiscal year 2011.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights, Illinois
PLEDGED-REVENUE COVERAGE
 Last Eight Fiscal Years

Tax Increment Allocation Notes, Series 2004							
Fiscal Year Ended April 30th	Incremental Property Taxes and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2004	\$ 738,516	\$ 615,597	\$ 122,919	-	-	N.A.	
2005	827,802	318,724	509,078	220,000	145,768	1.39	
2006	1,431,800	106,332	1,325,468	175,000	222,460	3.33	
2007	2,250,214	1,210,313	1,039,901	185,000	216,335	2.59	
2008	1,081,161	656,813	424,348	190,000	207,089	1.07	
2009	1,646,110	239,695	1,406,415	245,000	203,210	3.14	
2010	1,223,254	490,299	732,955	670,000	198,106	0.84	
2011	1,103,995	314,733	789,262	790,000	173,892	0.82	

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, Illinois
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2001	16,981	\$ 626,785,691	\$ 36,911	3.9%
2002	16,852	622,024,172	36,911	4.8
2003	16,686	615,896,946	36,911	4.7
2004	16,531	610,175,741	36,911	4.3
2005	16,372	604,306,892	36,911	4.1
2006	16,216	598,548,776	36,911	3.0
2007	16,141	595,780,451	36,911	3.6
2008	16,047	592,310,817	36,911	4.9
2009	15,959	589,062,649	36,911	8.1
2010	16,256	N.A. *	N.A. *	8.4

*N.A. - The U.S. Census Bureau has not yet released income data from the 2010 Census

Data Sources

- (1) U.S. Census Bureau.
- (2) U.S. Census Bureau, 2000 Census.
- (3) Illinois Department of Employment Security (IDES)

City of Prospect Heights, Illinois

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Fiscal Year Ended April 30, 2011					Fiscal Year Ended April 30, 2002				
Employer	Business/Service	Employees	Percent of Total	Rank	Employer	Business/Service	Employees	Percentage of Total	Rank
School District Number 26	Elementary public schools	250 *	22.3 %	1	Household International, Inc. (HQ)	Loans and Credit	1,100	73.0 %	1
School District Number 23	Elementary public schools	190 *	17.0	2	Jarke, Inc.	Storage and Stacking Racks	99	6.6	2
Hilton Hotel and Allgauer's Restaurant	Hotel and restaurant	163 *	14.6	3	Siemens Hearing Instruments	Orthopedic appliances, hearing aids	90	6.0	3
Prospect Heights Park District	Public parks, recreation 15 full-time, 38 part-time, 105 seasonal	158	14.1	4	Doetsch Bros. Company	Excavating Contractors	60	4.0	4
Siemens Hearing Instruments	Orthopedic appliances, hearing aids	119	10.6	5	Prospect Heights Public Library	Public Library	40	2.7	5
Prospect Heights Fire Protection Dist.	Fire Protection	64	5.7	6	Banco Popular, Prospect Heights	Commercial Bank	31	2.0	6
Terrance Electric & Technology	Commercial & industrial printing	60	5.4	7	Camera Ready Companies	Instant printing	25	1.7	7
Prospect Heights Public Library	Public library	45	4.0	8	Lewis International, Inc.	Retail industrial equipment parts	22	1.4	8
City of Prospect Heights	Municipal government	38 *	3.4	9	Stevens James Lamont Co.	Color separations	20	1.3	9
Walgreens	Pharmacy and retail store	33 *	2.9	10	Gray Machinery Co.	Industrial machinery & equipment	20	1.3	10
Total		<u>1,120</u>			Total		<u>1,507</u>		

*Phone canvass. Includes full and part-time, excludes substitutes

Sources:

2011 Illinois Manufacturers and Services Directories (based on calendar year 2010).

2011 Harris Illinois Industrial Directory (based on calendar year 2010).

City of Prospect Heights, Illinois
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL GOVERNMENT										
Administration	3.50	2.00	3.00	2.86	3.00	3.00	3.00	2.00	2.00	2.00
Finance	3.50	3.50	2.50	2.50	1.00	1.00	1.00	1.00	1.00	1.50
Building and Zoning	4.00	3.00	2.00	1.50	2.50	2.50	2.50	2.50	2.50	2.50
Engineering	2.25	2.00	1.50	1.00	2.00	1.00	1.00	1.00	1.00	0.50
PUBLIC SAFETY										
Police Sworn	25.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	24.00
Police Civilian	8.50	8.00	7.00	9.00	3.00	3.00	3.00	3.00	2.00	2.50
PUBLIC WORKS										
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0.50	-
Streets and Sewers	4.00	3.00	3.00	2.85	2.90	2.90	2.90	3.00	2.00	2.00
Forestry	1.25	1.00	3.00	2.00	0.50	1.50	1.50	1.00	1.00	-
Drainage	1.00	2.00	0.50	1.50	1.50	1.50	1.50	2.00	2.00	1.00
Building Maintenance	0.50	0.50	0.50	1.00	-	-	-	-	-	-
Vehicle Maintenance	1.00	1.00	1.00	1.15	1.10	1.10	1.10	1.00	1.00	1.00
Water	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parking	-	-	-	0.14	-	-	-	-	-	-
Special Service Areas #1-#5	-	-	0.50	1.00	-	-	-	-	-	-
CONVENTION & VISITORS BUREAU										
	3.50	4.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	3.00
Total	60.75	58.50	56.00	58.00	50.00	50.00	50.00	49.00	47.00	41.00

Data Source

City of Prospect Heights Budgets

City of Prospect Heights, Illinois
OPERATING INDICATORS BY FUNCTION / PROGRAM
 Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
Police								
Number of calls	12,707	11,862	10,379	12,925	11,354	13,888	8,214	5,847
Part One Offenses ⁽¹⁾	252	210	219	231	284	202	215	213
Part Two Offenses ⁽²⁾	646	598	599	602	620	670	614	469
Part One Arrests ⁽¹⁾	56	21	29	17	51	22	31	13
Part Two Arrests ⁽²⁾	491	403	393	284	319	289	305	205
Auto Accident investigations	626	552	655	491	552	502	535	339
Building & Zoning ⁽³⁾								
Building permits issued (residential and commercial)	358	414	364	312	342	406	360	269
Value of all construction permits issued	\$ 14,642,277	\$ 12,963,194	\$ 15,532,780	\$ 12,753,025	\$ 14,397,295	\$ 6,836,618	\$ 4,489,580	\$ 8,574,513
Plan reviews ⁽⁴⁾	675	700	680	780	845	948	799	564
Building inspections ⁽⁴⁾	1,675	1,700	1,690	1,062	860	1,117	902	774
Rental dwelling inspections ⁽⁴⁾	1,000	1,000	1,000	1,047	1,230	1,566	1,615	1,032
Health inspections ⁽⁴⁾	480	480	480	506	528	534	305	286
Engineering								
Right-of-way permits reviewed	79	108	93	95	27	43	47	13
Subdivision reviews (number)	1	2	2	3	1	-	-	1
Road program/street reconstruction (linear feet)	-	-	2,368	7,076	8,137	-	-	-
Public works - general								
Streets cold patching (in tons)	32	14	18	37	55	126	70	66
Streets resurfaced (square yards)	146	101	277	356	851	-	883	-
Streets cleaned (miles)	17.32	17.32	17.32	17.32	17.32	17.32	26.40	31.25
Snow plowing (hours)	150	362	276	355	893	1,287	953	1,002
Storm sewers repaired (linear feet)	-	-	3,905	6,750	3,268	1,146	100	40
Service requests (residential and intra-city)	N/A	294	216	204	414	622	763	822
JULIE utility locates	1,785	1,622	2,255	2,076	1,930	2,405	1,990	2,146
Parkway trees planted	-	-	4	6	3	1	1	-

(Continued)

City of Prospect Heights, Illinois
OPERATING INDICATORS BY FUNCTION / PROGRAM
 Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011
Public works - Water								
Gallons of water billed (in thousands)	49,622	44,832	49,057	42,837	42,935	41,599	45,331	47,364
Main break repairs	1	-	1	1	1	2	1	-
Meters replaced	-	-	421	63	3	6	-	2
Services initiated	-	-	-	2	2	119	5	8
Convention and Visitors Bureau								
Number of groups booked ⁽³⁾	31	18	26	38	41	48	46	32
Number of room nights ⁽³⁾	1,428	795	1,460	5,326	4,131	4,153	2,491	1,979
Number of people ⁽³⁾	1,951	947	1,383	3,421	4,176	4,549	5,563	1,764

(Concluded)

Data Source

City of Prospect Heights departmental records. Statistical information not available for all categories prior to 2004.

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
- (4) City Hall fire in April 2006 destroyed files for calendar years 2003-2005. Statistics for these years are estimates.

City of Prospect Heights, Illinois
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
 Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Patrol units	10	10	10	10	10	10	10	10	10	14
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
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)	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23
Buildings maintained	5	4	4	5	5	5	5	5	5	5
Sanitary sewers (miles)	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35
Sanitary sewer lift stations	1	1	1	1	2	2	2	2	2	2
Street lights (number)	19	19	19	19	19	19	19	19	19	19
Land maintained (acres)	19.72	19.72	20.38	20.38	20.38	20.38	18.07	18.07	18.07	18.07
Water										
Fire hydrants	90	90	90	90	90	94	94	136	136	146
Valves	99	99	99	99	99	104	104	143	143	153
Pump stations	1	1	1	1	1	1	1	1	1	1
Interconnects	1	1	1	1	1	1	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.

OTHER STATISTICAL INFORMATION (Unaudited)

City of Prospect Heights, Illinois

SCHEDULE OF INSURANCE IN FORCE

Year Ended April 30, 2011

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA manages and funds first-party property losses, third-party liability claims, workers' compensation claims, and public officials' liability claims of its member municipalities. The following coverages are in effect from January 1, 2011 through December 31, 2011.

<u>Description of Coverage</u>	<u>Limits</u>
General liability	\$ 10,000,000
Police professional	
Employee benefits (fire/paramedic)	
Professional liability	
Abuse/molestation	
Auto liability	10,000,000
Uninsured/underinsured motorist	500,000
Public officials liability	10,000,000
Employment practices	
Workers' compensation	Statutory
Employer's liability	2,500,000
First-party property - all risk	250,000,000 per occurrence
Flood Zone A	3,500,000
Flood (Non-None A/V)	40,000,000
Contingent business interruption (sales tax)	5,000,000
Scheduled emergency vehicles - agreed value	Scheduled
Boiler/machinery	50,000,000
Crime	
Employee theft (dishonesty)	5,000,000
Forgery, alteration and counterfeit currency	5,000,000
Credit card forgery	5,000,000
Computer fraud	5,000,000
Non-faithful performance	2,500,000
Public officials bonds	
Mayor/President, Treasurer, Clerk	Blanket Statutory
Special district trustees	Limits
Yearly Aggregates	
Member annual payment cap (applies to general/auto liability and public officials liability loss fund payments only)	6,000,000
Agency aggregate cap	74,304,863

City of Prospect Heights, Illinois
PALATINE/MILWAUKEE TIF LOAN OF 2004
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	April 13, 2004
Date of Maturity	December 1, 2017
Amount of Contract	\$5,225,000
Interest Rates	4.40% to 4.90%
Interest Dates	December 1 and June 1
Payable to	U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2012	\$ 310,000	\$ 127,825	\$ 437,825
2013	330,000	114,185	444,185
2014	345,000	99,665	444,665
2015	400,000	84,485	484,485
2016	420,000	66,885	486,885
2017	445,000	46,305	491,305
2018	500,000	24,500	524,500
	<u>\$ 2,750,000</u>	<u>\$ 563,850</u>	<u>\$ 3,313,850</u>

City of Prospect Heights, Illinois
GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2006A
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	August 1, 2006
Date of Maturity	December 15, 2011
Amount of Contract	\$2,220,000
Interest Rate	4.50%
Interest Dates	June 15 and December 15
Payable to	U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2012	\$ <u>485,000</u>	\$ <u>21,825</u>	\$ <u>506,825</u>

City of Prospect Heights, Illinois
GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2008
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	March 25, 2008
Date of Maturity	December 15, 2023
Amount of Contract	\$2,045,000
Interest Rate	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	Requirements		
	Principal	Interest	Totals
2012	\$ 110,000	\$ 79,617	\$ 189,617
2013	115,000	74,857	189,857
2014	120,000	69,881	189,881
2015	120,000	64,689	184,689
2016	130,000	59,496	189,496
2017	135,000	53,871	188,871
2018	140,000	48,030	188,030
2019	145,000	41,972	186,972
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
	<u>\$ 1,840,000</u>	<u>\$ 602,536</u>	<u>\$ 2,442,536</u>

City of Prospect Heights, Illinois
GENERAL OBLIGATION TAXABLE DEBT CERTIFICATES SERIES 2008A
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	November 12, 2008
Date of Maturity	December 1, 2011
Amount of Contract	\$4,560,305
Interest Rate	5.25%
Interest Date	December 1, 2011
Payable to	U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2012	\$ <u>4,560,305</u>	\$ <u>781,695</u>	\$ <u>5,342,000</u>

City of Prospect Heights, Illinois
SPECIAL SERVICE AREA NUMBER 6 BONDS, SERIES 2009
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	January 29, 2009
Date of Maturity	December 15, 2028
Amount of Contract	\$2,800,000
Interest Rates	4.00% to 6.25%
Interest Dates	June 15 and December 15
Payable to	U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2012	\$ 90,000	\$ 146,687	\$ 236,687
2013	90,000	143,088	233,088
2014	95,000	139,217	234,217
2015	100,000	134,753	234,753
2016	110,000	129,752	239,752
2017	115,000	124,253	239,253
2018	120,000	118,502	238,502
2019	125,000	112,143	237,143
2020	135,000	105,518	240,518
2021	140,000	98,362	238,362
2022	150,000	90,383	240,383
2023	160,000	81,832	241,832
2024	170,000	72,713	242,713
2025	180,000	62,512	242,512
2026	190,000	51,713	241,713
2027	200,000	40,312	240,312
2028	215,000	27,813	242,813
2029	230,000	14,374	244,374
	<u>\$ 2,615,000</u>	<u>\$ 1,693,927</u>	<u>\$ 4,308,927</u>

City of Prospect Heights, Illinois
 NOTE PAYABLE - LEVEE WALL
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	February 1, 2010
Date of Maturity	February 1, 2014
Amount of Contract	\$282,107
Interest Rates	To be determined ¹
Interest Dates	February 1
Payable to	Village of Mount Prospect, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2012	\$ 56,421	\$ -	\$ 56,421
2013	56,421	-	56,421
2014	56,422	-	56,422
	<u>\$ 169,264</u>	<u>\$ -</u>	<u>\$ 169,264</u>

¹ Based on the average annual interest rate of the Illinois Funds.

City of Prospect Heights, Illinois
GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2010
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
April 30, 2011

Date of Contract	July 1, 2010
Date of Maturity	December 15, 2024
Amount of Contract	\$800,000
Interest Rates	4% to 5.2%
Interest Dates	June 15 and December 15
Payable to	U.S. Bank N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2012	\$ 35,000	\$ 50,813	\$ 85,813
2013	50,000	33,510	83,510
2014	50,000	31,510	81,510
2015	50,000	29,510	79,510
2016	50,000	27,510	77,510
2017	55,000	25,510	80,510
2018	55,000	23,310	78,310
2019	55,000	21,110	76,110
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
	<u>\$ 800,000</u>	<u>\$ 313,893</u>	<u>\$ 1,113,893</u>