

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF PROSPECT HEIGHTS, IL**
As of and for the Year Ended April 30, 2012

Prepared by:

Finance Department

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS As of and For the Year Ended April 30, 2012

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - vii
Organizational Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
Principal Officials	x
FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	1 - 2
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Management's Discussion and Analysis	3 - 15
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-Wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	17 - 18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Assets - Proprietary Funds	25 - 26
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28 - 29
Statement of Fiduciary Net Assets - Fiduciary Fund	30
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	31
Index to Notes to Financial Statements	32
Notes to Financial Statements	33 - 74

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS (cont.) As of and For the Year Ended April 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General	75
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Service Area #8 - Major Special Revenue Fund	76
Illinois Municipal Retirement Fund - Schedule of Employer's Contributions and Schedule of Funding Progress	77
Police Pension Fund - Schedule of Employer's Contributions and Schedule of Funding Progress	78
Other Postemployment Benefit Plan - Schedule of Employer Contributions and Schedule of Funding Progress	79
Notes to Required Supplementary Information	80

SUPPLEMENTARY INFORMATION

General Fund

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual	81 - 82
Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual	83 - 85

Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds	86 - 88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	89 - 91
Detailed Schedules of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Budget and Actual	
Motor Fuel Tax - Nonmajor Special Revenue Fund	92
Convention and Visitors' Bureau - Nonmajor Special Revenue Fund	93
DEA Seizure - Nonmajor Special Revenue Fund	94
SWANCC - Nonmajor Special Revenue Fund	95
Special Service Area #1 - Nonmajor Special Revenue Fund	96
Special Service Area #2 - Nonmajor Special Revenue Fund	97
Special Service Area #3 - Nonmajor Special Revenue Fund	98
Special Service Area #4 - Nonmajor Special Revenue Fund	99
Special Service Area #5 - Nonmajor Special Revenue Fund	100
Special Service Area #6 Debt - Nonmajor Debt Service Fund	101
Reconstruction - Nonmajor Capital Projects Fund	102
Special Service Area #6 Construction - Nonmajor Capital Projects Fund	103
Palatine/Milwaukee TIF - Major Debt Service Fund	104

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS (cont.) As of and For the Year Ended April 30, 2012

SUPPLEMENTARY INFORMATION (cont.)

Road Construction - Major Capital Projects Fund	105
Development - Major Capital Projects Fund	106
Sales Tax Non-Home Rule - Major Capital Projects Fund	107
Statement of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual	
Water - Major Enterprise Fund	108 - 109
Parking - Major Enterprise Fund	110 - 111
Statement of Changes in Fiduciary Net Assets - Budget and Actual	
Police - Pension Trust Fund	112
Palatine/Milwaukee TIF Loan of 2004	113
General Obligation Debt Certificates Series 2008	114
Special Service Area # 6 Bonds Series 2009	115
Note Payable - Levee Wall	116
General Obligation Debt Certificates Series 2010	117
General Obligation Debt Certificates Series 2011A	118
Taxable Refunding Debt Certificates Series 2011B	119
General Obligation Debt Certificates Series 2012	120

STATISTICAL SECTION

Schedule of Net Assets - Last Nine Fiscal Years	121
Schedule of Changes in Net Assets - Last Nine Fiscal Years	122 - 123
Program Revenues by Function/Program - Last Nine Fiscal Years	124
Fund Balances - Governmental Funds - Last Ten Fiscal Years	125
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	126 - 127
Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years	128
Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years	129
Direct and Overlapping Property Tax Rates - Last Ten Levy Years	130
Principal Property Tax Payers - Current Year and Nine Years Ago	131
Sales Tax by Category - Last Ten Calendar Years	132
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	133
Property Tax Levies and Collections - Last Ten Tax Levy Years	134
Property Tax Levies and Collections by Taxing Area - Last Ten Tax Levy Years	135

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS (cont.) As of and For the Year Ended April 30, 2012

STATISTICAL SECTION (cont.)

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	136
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	137
Direct and Overlapping Governmental Activities Debt	138
Legal Debt Margin Information - Last Ten Fiscal Years	139
Pledged Revenue Coverage - Last Nine Fiscal Years	140
Demographic and Economic Statistics - Last Ten Calendar Years	141
Principal Employers - Current Year and Nine Years Ago	142
Full-time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	143 - 144
Operating Indicators by Function/Program - Last Nine Fiscal Years	145
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	146



October 17, 2012

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, 2012 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 Baker Tilly Virchow Krause, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Prospect Heights for the fiscal year ended April 30, 2012 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, 2012 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.



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, 2011 were \$729,680, compared to \$679,565 for the previous year, an increase of 6.86%. Since the City's portion of sales tax receipts is based on a 1% tax rate, these receipts represent total retail sales of approximately \$72.97 million for 2011. After three calendar years of decline, sales tax receipts appear to have stabilized and are on the increase. 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 2011 was 8.9%, which was 8.25% lower than the 9.7% average rate for the state. The City of Prospect Heights had a median family income of \$66,769, as of the 2010 Census, which was 25.2% higher than the State of Illinois average and 22.3% greater than the national average.



For calendar year 2011, the City issued 294 construction permits (residential and commercial) valued at \$14.17 million, as compared to 269 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. In FY2011, the City was forced to reduce the number of personnel in order to maintain a balanced budget and maintained the 30-day unpaid furlough of all remaining personnel (excluding sworn police officers). In FY2012, due to the cost reduction measures taken in the prior years and increased revenues, the City rehired a public works employee and eliminated the unpaid furlough program. The City continues to utilize outside contractors for engineering, and inspection services.

The City also refinanced the Development Fund Debt which matured on December 1, 2011. The City reduced the interest rate related to the debt from 5.25% to 3.125%.

The last component of the plan is to develop a capital asset and infrastructure replacement program. The City recognizes the importance of this plan, especially the need to replace its deteriorating streets. In 2008, the City did complete an assessment of its streets, their condition, and projected replacement cost. On November 2, 2010, the City Council asked for and received approval from the voters to issue \$15 million in general obligation bonds to provide funding to reconstruct its streets; as well as, complete other capital and infrastructure improvements. Phase I of the project was completed in FY2012.



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 2012, 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 14th consecutive year and the Tree City USA Growth Award for the 13th consecutive year.
 - b) Negotiated a side letter of understanding with Local 150 to eliminate furloughs and provide pay raises.
 - c) Completed Metropolitan Police Alliance (MAP) Police Union contract negotiations, which provided pay raises.
 - d) Restored a fully staffed Police Department.
 - e) Hired a new Finance Director and Engineering Director to replace the current outsourced personnel.
 - f) Created the Citizen's Police Academy (CPA) where citizens can volunteer and receive training to work at the front desk of the Police Department.
 - g) Opened the City Hall from a part-time operation to a full five days per week schedule.
 - h) Began accepting credit cards for all payment options.
 - i) Established an electronic recycling facility in the City to assist residents in the disposal of electronic waste. Effective on January 1, 2012, the Electronic Products Recycling and Reuse Act made it unlawful for anyone to dispose of specific electronic materials in a sanitary landfill.
 - j) Created the first Emergency Operations Plan (EOP) for the City and it is currently being reviewed by Cook County for approval
- 2) Capital and infrastructure improvements
 - a) Acquired two new police vehicles utilizing drug enforcement agency seizure funds.
 - b) Purchased for the Water Department a new water truck, service truck, Scada Systems and a natural gas-powered generator. One of the pumping stations was also refurbished.
 - c) Completed work on Phase I of a three phase Road Construction project. The City completed 12 miles of repaving and replacing of more than 50 streets.
 - d) Remodeled the Police Department Building facility, purchased new furniture, and replaced the server.
 - e) Installed a new City wide Phone System.
 - f) Replaced and added new camera security system.
 - g) Updated department computers and software.
 - h) Added new computers to all squad cars.
- 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) Developed by the Economic/Business Development Committee 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".
- d) Approved an Off Track Betting (OTB) location at the newly remodeled Players Pub and Grill.
- 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) Opened the Police Department offices seven days a week.
 - d) Continued waste recycling programs for compact fluorescent light bulbs, pharmaceuticals, and sharps disposal.
 - e) Continued Photo Enforcement (Red Speed) Traffic Camera implementation at Palatine Road and Milwaukee Avenue to improve safety at the intersection.
 - f) Continued in-house adjudication process for municipal violations and photo enforcement citations.
 - g) Continued web-based payment option for City vehicle stickers and animal licenses utilizing the Illinois State Treasurer's e-Pay service.
 - h) Completed annual reporting requirements with IEPA for National Pollutant Discharge Elimination System (NPDES) permit and Community Rating System (CRS) programs.
 - i) Conducted televising of the sewer lines to assess the condition of the lines, reveal blockages, and show cracks or deterioration of pipes.
 - j) Continued the Government in Education Program in conjunction with Betsy Ross Elementary School and Omni Youth Services, which provides students insight into the inner workings of government.
- 5) Improve financial reporting and oversight
 - a) Implemented a new accounting system streamlining the accounts receivable, accounts payable, vehicle sticker, water billing, and reporting processes.
 - b) Implemented GASB 54 – A Fund Balance Policy intended to provide guidelines to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls.
 - c) Awarded for the Fiscal Year 2011 Comprehensive Annual Financial Report (CAFR) 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.
 - d) Approved the budget for fiscal year ending April 30, 2013 by the City Council and filed with the Cook County Clerk's office on May 16, 2012.
 - e) Renegotiated successfully with ComEd to maintain the reduction in the commuter parking lot lease.
 - f) Continued regular budgetary reviews to provide improved monitoring of the City's financial position.
 - g) Implemented improved accounting procedures relative to purchasing, accounts payable processing and approval, and cash receipts processing.

- h) Complied with annual filing requirements under the Cook County Board of Commissioners Debt Disclosure Ordinance.
 - i) 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, Tobacco Enforcement grant, Illinois Clean Energy Community Foundation grant, Public Sector Energy Efficiency Program Rebate grant, Illinois Department of Transportation (STEP) grant related to funding expenses related to seatbelt and intoxicated motorist related violations, Metropolitan mayor's Caucus - Emerald Ash Bore (EAB) grant, DECO Lighting Grant, State Farm Community grant, Emergency Road Repair (ERP) funding, Department of Commerce and Economic Opportunity (DCEO) Stimulus Funding for capital projects, Northwest Municipal Conference (NWMC) Surface Transportation Program (STP) grant, and reopened the "Safe Routes to School" grant of \$250,000 to assist in funding construction of sidewalks along Schoenbeck road to allow the City to proceed with the project.
 - 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. Approval for utilizing the Illinois Debt Recovery program was obtained and will be utilized in FY2013.
 - d) Received approval from voters for the issuance of \$15 million in general obligation bonds for road and drainage improvements, and related expenses.
 - e) Placed a referendum on the ballot to allow the City to become a Home Rule Community. The referendum was defeated.
 - f) Settled with the City's insurance carrier for reimbursement of expenses related to the City's rebuilding of the City Hall due to a fire.
 - g) Changed insurance carriers from IRMA to Mesirow Financial for liability and workers compensation insurance for a savings of over \$100,000.

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.

- a) 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, 2011. This was the fourth 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.

- b) Metropolitan Mayor's Caucus – Clean Air Counts Bronze award. The Clean Air Counts campaign is a region-wide effort to improve air quality and reduce smog throughout northeastern Illinois. The award is given to a community that raises awareness of air quality problems and how to combat them.

Acknowledgements

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

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

Sincerely,

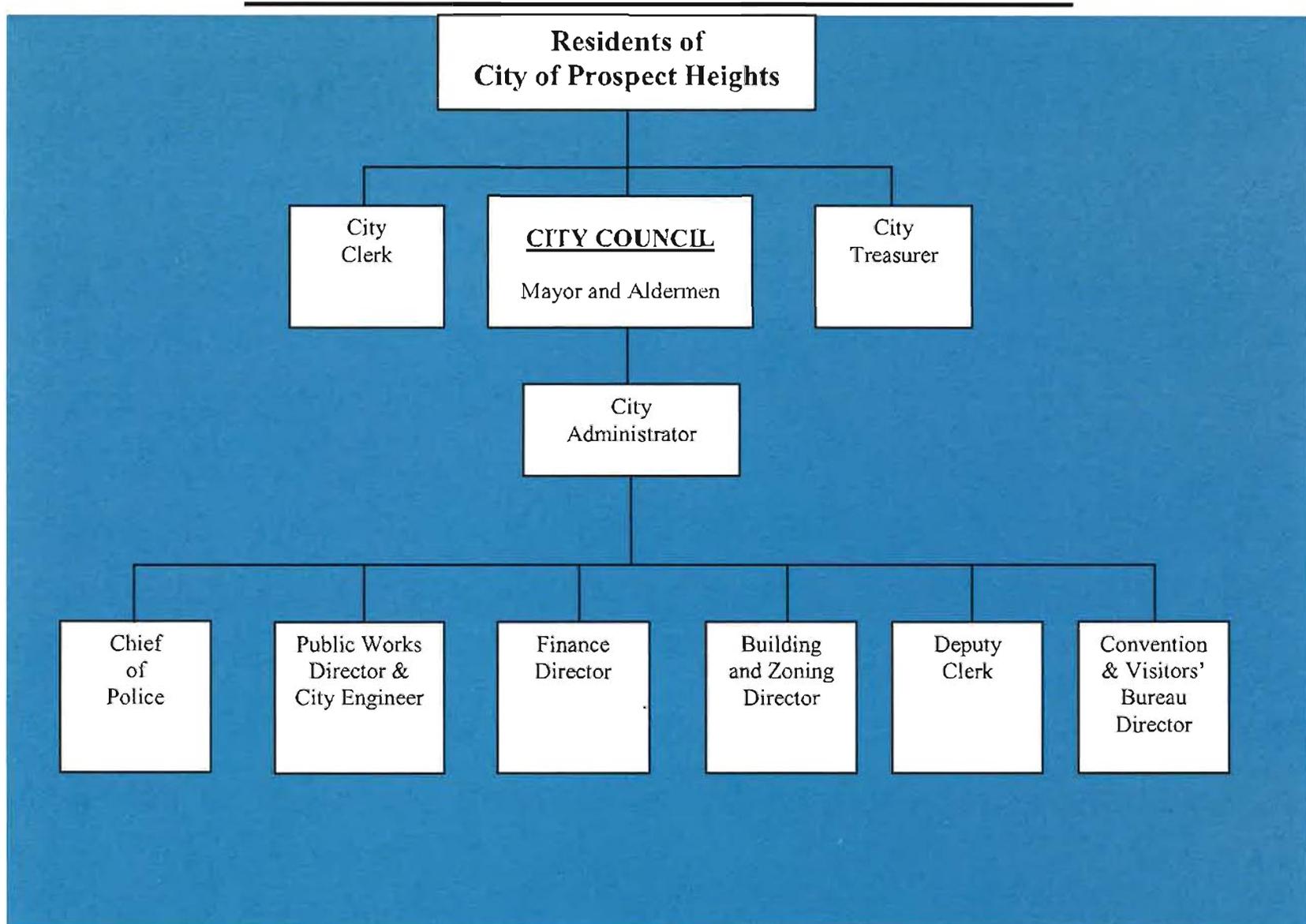
A handwritten signature in black ink, appearing to read 'Anne E. Marrin', written over a horizontal line.

Anne E. Marrin
City Administrator

CITY OF PROSPECT HEIGHTS, ILLINOIS

Organizational Chart

April 30, 2012



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, 2011

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.



Linda C. Sandson

President

Jeffrey R. Emery

Executive Director

CITY OF PROSPECT HEIGHTS, ILLINOIS

PRINCIPAL OFFICIALS

APRIL 30, 2012

CITY COUNCIL

Nick Helmer, Mayor

Bree Higgins, Alderman

John Styler, Alderman

Patrick Ludvigsen, Alderman

Scott Williamson, Alderman

Luis Mendez, Alderman

Stacy Adamson, City Clerk

Richard Tibbits, City Treasurer

ADMINISTRATION

Anne E. Marrin, City Administrator

Chief of Police James Dunne
Building and Zoning Director..... Stephen Skiber
Finance Director Stephanie Hannon
Public Works/Engineering Director.....Jim Johnson
Convention and Visitors' Bureau Director Vacant



Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council
City of Prospect Heights
8 North Elmhurst Road
Prospect Heights, IL 60070

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, as of and for the year ended April 30, 2012, which collectively comprise City of Prospect Heights' 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 did not audit the financial statements of the Airport Enterprise Fund, which is both a major fund and 88 percent, 90 percent, and 24 percent, respectively, of the assets, net assets, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Airport Enterprise Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to previously 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, as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B., the City of Prospect Heights adopted the provision of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective, May 1, 2011.

The Honorable Mayor and Members of City Council
City of Prospect Heights

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prospect Heights' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prospect Heights' basic financial statements. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Baker Tilly Vuchow Krause, LLP

Oak Brook, Illinois
October 17, 2012

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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 (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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 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 16 of this report.*

The City of Prospect Heights has 19 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, Special Service Area #8, Palatine/Milwaukee TIF, Road Construction Debt, Road Construction, Development, and Sales Tax Non-Home Rule 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 86 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 25 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 30 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 32 of this report.*

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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 75 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, 2012 were \$73,578,027, which represents an increase of \$3,017,833 as compared to April 30, 2011. The City's net assets from governmental activities increased by \$2,748,997 and net assets from business-type activities increased by \$268,836. Table 1 below presents a summary of governmental and business-type net assets as of April 30, 2012 compared to April 30, 2011. *More detailed information can be found in the Statement of Net Assets on page 16.*

Table 1: Comparative Summary Statements of Net Assets as of April 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 22,922,359	\$ 14,450,323	\$ 48,064,948	\$ 47,836,680	\$ 70,987,307	\$ 62,287,003
Capital assets	25,483,790	22,077,474	4,773,527	4,816,858	30,257,317	26,894,332
Total Assets	48,406,149	36,527,797	52,838,475	52,653,538	101,244,624	89,181,335
Liabilities						
Current liabilities	2,440,716	2,471,602	64,851	110,262	2,505,567	2,581,864
Noncurrent liabilities	24,389,156	15,228,915	771,874	810,362	25,161,030	16,039,277
Total Liabilities	26,829,872	17,700,517	836,725	920,624	27,666,597	18,621,141
Net Assets						
Invested in capital assets, net of related debt	16,599,408	16,968,210	4,009,527	4,016,858	20,608,935	20,985,068
Restricted net assets	5,597,845	6,346,248	-	-	5,597,845	6,346,248
Unrestricted net assets	(620,976)	(4,487,178)	47,992,223	47,716,056	47,371,247	43,228,878
Total Net Assets	\$ 21,576,277	\$ 18,827,280	\$ 52,001,750	\$ 51,732,914	\$ 73,578,027	\$ 70,560,194

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 (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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 2012, governmental activities net assets totaled \$21,576,277, reflecting an increase of \$2,748,997 over the prior fiscal year. Governmental activities total assets increased \$11,878,352, and governmental activities total liabilities increased \$9,129,355.

The \$11,878,352 increase in total assets resulted from an \$8,472,036 increase in current and other assets and a \$3,406,316 increase in capital assets. The increase in capital assets reflects the addition of the road improvements being initiated through the road program. Changes in the remaining items within current and other assets include a \$7,943,208 increase in cash and investments related to the bonds purchased for the road program, a \$373,604 increase in receivables, and a \$155,224 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 DEA Seizure Fund and MFT Fund, which experienced decreases in their cash position. The General fund, which provides the majority of City services, experienced a \$1,986,505 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 public safety in the DEA Seizure Fund and MFT Fund. Intergovernmental receivables increased \$269,927 over the prior year, as state-shared revenues for income tax were delayed five months at the end of the fiscal year versus four months the previous fiscal year.

The \$9,129,355 increase in total resulted from an increases of \$9,160,241 in bonds, notes, and debt certificates payable offset by a decrease in accrued interest.

Business-Type Activities

The business-type activities net assets increased by \$268,836. Business-type activities total assets increased \$184,937 and total liabilities decreased \$83,899. The increase in total assets includes a \$43,058 decrease in capital assets and a \$228,268 increase in current and other assets. The majority of the increase in current assets occurred in the Airport Fund and reflects airport improvements in progress. The decrease in total liabilities includes a \$45,411 decrease in current liabilities and a \$38,488 decrease in noncurrent liabilities. The decrease in noncurrent liabilities occurred in the Water Fund and due to a payment of debt related to the water main construction project.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

Changes in Net Assets

The City's combined change in net assets for FY2012 was an increase of \$3,017,833. Governmental activities saw an increase in net assets of \$2,748,997, an increase of \$4,027,987 from fiscal year 2011. Business-type activities saw an increase in net assets of \$268,836, an increase of \$114,479 from fiscal year 2011. 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, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ 2,349,074	\$ 2,297,405	\$ 768,614	\$ 815,258	\$ 3,117,688	\$ 3,112,663
Operating and capital grants	1,175,743	990,941	-	955,781	1,175,743	1,946,722
General Revenues						
Property taxes	1,773,580	1,765,557	-	-	1,773,580	1,765,557
All other taxes	4,808,729	4,598,063	-	-	4,808,729	4,598,063
Investment income	7,857	9,660	3,496	3,126	11,353	12,786
Joint venture - airport	-	-	253,987	-	253,987	-
Other	716,516	188,606	25,867	10,629	742,383	199,235
Total revenues	<u>10,831,499</u>	<u>9,850,232</u>	<u>1,051,964</u>	<u>1,784,794</u>	<u>11,883,463</u>	<u>11,635,026</u>
Expenses						
General government	2,412,558	2,860,587	-	-	2,412,558	2,860,587
Public safety	2,963,020	4,078,228	-	-	2,963,020	4,078,228
Public works	1,945,801	1,710,818	-	-	1,945,801	1,710,818
Interest	895,818	674,241	-	-	895,818	674,241
Water	-	-	600,174	1,287,921	600,174	1,287,921
Joint venture - airport	-	-	-	266,657	-	266,657
Parking	-	-	48,259	64,618	48,259	64,618
Total expenses	<u>8,217,197</u>	<u>9,323,874</u>	<u>648,433</u>	<u>1,619,196</u>	<u>8,865,630</u>	<u>10,943,070</u>
Excess of revenues over expenses	2,614,302	526,358	403,531	165,598	3,017,833	691,956
Impairment of land held for resale	-	(1,816,589)	-	-	-	(1,816,589)
Transfers	134,695	11,241	(134,695)	(11,241)	-	-
Change in net assets	<u>2,748,997</u>	<u>(1,278,990)</u>	<u>268,836</u>	<u>154,357</u>	<u>3,017,833</u>	<u>(1,124,633)</u>
Net Assets - May 1	18,827,280	20,106,270	51,732,914	51,578,557	70,560,194	71,684,827
Net Assets - April 30	<u>\$ 21,576,277</u>	<u>\$ 18,827,280</u>	<u>\$ 52,001,750</u>	<u>\$ 51,732,914</u>	<u>\$ 73,578,027</u>	<u>\$ 70,560,194</u>

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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 67.15% of the City's General Fund operating costs.

Salary increases (annual adjustments and merit) - The City has three separate bargaining units representing approximately 66% 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 (UNAUDITED)
For Fiscal Year Ended April 30, 2012

Current Year Impacts on Revenues and Expenses

Governmental Activities

Revenues:

For the fiscal year ended April 30, 2012, revenues from governmental activities totaled \$10,831,499, an increase of \$981,267 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 2012, these taxes generated a total of \$4,808,729 in revenue for the City, which represented 44.40% of all governmental activity revenues. For fiscal year 2012, these revenues experienced an overall increase of \$210,666, or 4.58%. Most of these tax revenues appear to have stabilized after three or more years of steady decline. Revenue increases occurred in sales and local use, income tax, telecommunication tax, places for eating tax, and hotel taxes with a combined total increase in these revenues of \$287,488. 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 revenues *Historical information on the individual tax revenues is presented in Tax Revenues by Source – Governmental Funds, located in the Statistical Section at the back of this report.*

At \$1,773,580 and 16% of total revenues, property taxes comprise the second largest single source of governmental activity revenue for the City. The total property taxes received included \$729,861 of taxes levied by the City and \$1,043,719 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: \$181,594 in taxes generated by five out of six of the City's special service areas for sanitary system and storm water maintenance, \$250,266 in taxes generated for Special Service Area Six debt service payments, and \$298,001 in taxes generated to assist in funding the City's police pension obligation. In fiscal year 2012, property tax revenues increased slightly by \$8,023.

The City generates program revenues via charges for services and operating and capital grants. For fiscal year 2012, the total combined revenues generated by these sources were \$3,524,817, which accounted for 32.5% of total governmental activity revenue. For fiscal year 2012, charges for services generated \$2,349,074 in revenue and represented 21.7% 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 2012, revenue derived from operating and capital grants totaled \$1,115,743 and represented 10.9% of total governmental activity revenue. Of this total, the City received \$482,202 from the motor fuel tax allotment, \$24,621 from FEMA, \$143,660 for public works ERP grant, \$196,883 from the tourism grant, \$64,553 in police operating and equipment grants, and \$132,295 in police contributions from DEA-shared revenues.

In FY2012, grant revenue and contributions increased \$187,175 which reflects both additional federal grant funding for public works from Emergency Road Program Grant and the general fund from the Federal Emergency Management Agency for disaster reimbursement.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

The remaining governmental activity revenues include investment income and other. For fiscal year 2012, these revenues totaled \$724,373 or 6.69% of total governmental activities revenues and includes \$524,837 from City Fire Insurance proceeds.

Expenses:

For the fiscal year ended April 30, 2012, expenses from governmental activities totaled \$8,217,197, which represents a decrease of \$1,106,677, or 11.9%, 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 2012, expenses for public safety were \$2,963,020, and represented 36.1% of total governmental activity expenses. Public safety expenses decreased \$1,115,208 from the prior year, which reflects the net impact of decreases in personnel expenses and compensated absences payable as a result of staffing reductions.

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 2012, expenses for general government were \$2,412,558 which represented 29.4% of total governmental activities expenses. General government expenses decreased \$448,029 from the prior year, due to personnel reductions at the CVB and change in insurance carrier for liability and workers compensation insurance.

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 2012, expenses for public works totaled \$1,945,801 and represented 23.7% of total governmental activities expenses. The \$234,983 increase in public works expenses from the prior year reflects \$139,317 related to expenses reimbursed through the Emergency Road Program grant.

Business-Type Activities

Revenues:

Total revenues for the City's business-type activities for fiscal year 2012 were \$1,051,964.

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 2012, \$710,576 of program revenue was generated by the water operations related to charges for services, \$253,987 from Chicago Executive Airport due to an increase in Long-Term lease and T-Hangar revenues, and \$58,038 by the parking operation from charges for services.

Expenses:

Total expenses for the City's business-type activities for fiscal year 2012 were \$648,433. Of the total expenses for business-type activities, \$600,174 is attributable to water operations and \$48,259 to parking operations.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2012, the Governmental Funds (as presented beginning on page 19) reported a combined fund balance of \$20,590,772 which is a \$7,917,551, or 62.5%, increase from the beginning of the year balance of \$12,673,221. Of the total year-end fund balance, \$3,035,936 is unassigned, indicating availability for continuing City services. Fund balances also include \$571,418 non-spendable, \$11,482,526 restricted, \$1,857,070 committed, and \$3,643,822 assigned.

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 \$3,150,752, or 50.1%, from the beginning of year balance. The City budgeted for a \$1,196,493 increase in fund balance; however, the additional \$1,954,259 increase in fund balance reflects \$393,015 in unanticipated revenues, \$552,806 savings in expenditures, and \$1,008,438 in additional transfers for reimbursement of prior year expenses. Revenues from utility and income taxes exceeded their combined budgets by \$245,828. Additional revenues were also generated by building permits, rental inspections, vehicle stickers and licenses, parking fines, and franchise fees. Most of the savings in expenditures reflects insurance premium reductions and pension benefit required contributions.

The fund balance of the Palatine/Milwaukee TIF Fund increased \$415,620 over the beginning of the year fund balance. This increase reflects a reduction in expenses and principal payments.

The Development Fund was established to record activity related to the Series 2006 general obligation debt issue and related land acquisition. The debt was paid and new debt Series 2011B was issued and due on December 15, 2015. The fund increased by \$34,109 due to an increase in revenue of \$50,000, related to a forfeiture of earnest money.

The Road Construction Fund increased by \$5,453,314 due to the issuance of Series 2011A and 2012 Bonds in the amount of \$5,000,000 each offset by expenditures of \$4,321,393 in Phase I Road Construction costs.

The Sales Tax Non-Home Rule Fund balance increased \$141,229, primarily due to additional non-home rule sales tax revenue.

Proprietary Funds

At April 30, 2012, the Enterprise Funds' (as presented beginning on page 25) total net assets increased by \$268,836 over the prior year.

The Water Fund reflected an increase in net assets of \$70,033. This increase was comprised of \$144,774 of operating income, \$5,078 of net nonoperating expenses and \$69,663 in transfers out to the General Fund for administrative services.

The Airport Fund experienced a \$253,987 increase in net assets for the year, primarily due to the increase in long-term lease and T-Hanger revenues.

The Parking Fund experienced a \$55,184 decrease in net assets for the year, primarily due to depreciation expense. Parking revenues increased \$4,663 over the prior year. Commuters are choosing to take Metra instead of driving due to the high gas prices. In addition, the City was successful in renegotiating its land lease, the largest operating expense of the parking operation. 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 (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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 February 27, 2012.

During fiscal year 2012, 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 79.*

Table 3: General Fund Budgetary Changes
for Fiscal Year 2012

	Original Budget	Final Budget	Actual
Revenues	\$ 5,726,329	\$ 6,679,516	\$ 7,072,531
Expenditures	5,803,520	6,356,023	5,803,217
Other Financing Sources (Uses)	189,780	873,000	1,881,438
Change in Fund Balance	\$ 112,589	\$ 1,196,493	\$ 3,150,752

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

CAPITAL ASSETS

At the end of FY2012, the City had a combined total of \$30,257,317 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 III (c) 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>			
	2012	2011	2012	2011	2012	2011
Land (includes rights of way and easements)	\$ 7,706,337	\$ 7,706,337	\$ 102,195	\$ 102,195	\$ 7,808,532	\$ 7,808,532
Construction in progress	-	-	-	-	-	-
Buildings and improvements	4,179,029	4,290,872	1,114,708	1,160,962	5,293,737	5,451,834
Machinery and equipment	27,519	33,601	44,910	-	72,429	33,601
Vehicles	277,086	279,687	52,017	1,059	329,103	280,746
Office furniture and equipment	328,626	165,778	-	-	328,626	165,778
Infrastructure	12,965,193	9,601,199	-	-	12,965,193	9,601,199
Water mains	-	-	3,358,497	3,446,842	3,358,497	3,446,842
Water reservoir	-	-	101,200	105,800	101,200	105,800
Total capital assets	<u>\$ 25,483,790</u>	<u>\$ 22,077,474</u>	<u>\$ 4,773,527</u>	<u>\$ 4,816,858</u>	<u>\$ 30,257,317</u>	<u>\$ 26,894,332</u>

For fiscal year 2012, the City's total capital assets, net of depreciation, increased \$3,362,985. Capital assets of business-type activities decreased \$43,331 due to annual depreciation. Capital assets of government activities increased \$3,406,316 due to completion of Phase I of the Road Program.

Table 5: Change in Capital Assets

	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
	2012	2012	2012
Beginning Balance	\$ 22,077,474	\$ 4,816,858	\$ 26,894,332
Additions			
Depreciable	4,614,037	107,695	4,721,732
Nondepreciable	-	-	-
Retirements			
Depreciable	(61,246)	-	(61,246)
Nondepreciable	-	-	-
Depreciation	<u>(1,146,475)</u>	<u>(151,026)</u>	<u>(1,297,501)</u>
	<u>\$ 25,483,790</u>	<u>\$ 4,773,527</u>	<u>\$ 30,257,317</u>

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

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

Governmental Activities

Purchase two police vehicles (DEA Seizure funds) - \$57,447
Police Department new furniture and remodeling - \$273,204
Phase I of the Road Program - \$4,272,821.

Business-Type Activities

Purchase of two water trucks - \$57,795
Scada System - \$49,900

Debt Outstanding

The City of Prospect Heights had total long-term debt of \$24,389,156 as of April 30, 2012. 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 III (E) in the Notes to the Financial Statements.*

Loans outstanding: At April 30, 2012, the City had one tax increment financing (TIF) loan outstanding with a balance of \$2,440,000. The City has pledged the property tax increment generated by the TIF districts for repayment of this loan. This loan maturity date is December 1, 2017.

Notes payable outstanding: At April 30, 2012, the City had one note payable outstanding with a balance of \$112,842. 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.

General obligation debt outstanding: At the end of the year, the City had six general obligation (G.O.) debt issues outstanding with a combined balance of \$17,925,000. Under state statutes, the City's aggregated general obligation indebtedness cannot exceed 8.625% of the value of taxable property within the City. As of April 30, 2012, the total debt applicable to this limit was \$17,925,000, well below the \$38,003,749 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 \$2,525,000. 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 \$200,406, which reflected a decrease of \$53,706 from the prior year. This decrease reflects turnover in personnel and reductions in staffing levels due to attrition.

Net pension obligation: As of April 30, 2012, the City's net pension obligation totaled \$1,719,336, which reflected an increase of \$24,716 over the prior year. As of the last valuation date, the Police Pension Fund had a funded ratio of 62.84%. While the City has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 39.8% of the City's FY2012 contribution. The police pension tax does not have a rate ceiling; however, the City's ability to increase this tax levy is limited by the tax caps imposed by the state of Illinois. The City's attempts to increase this levy through referendum have failed. *For more detail on the City's pension obligations see Note IV (A) in the Notes to the Financial Statements.*

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2012

Other postemployment benefit (OPEB) obligations: As of April 30, 2012, the City's net OPEB obligation totaled \$120,112. The City is not required to and currently does not advance fund this obligation. *For more detail on the City's OPEB obligation see Note IV (E) in the Notes to the Financial Statements.*

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, 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 FY2013 budget adopted on April 23, 2012 included the elimination of the 30-day unpaid furlough of all employees and the addition of two new police officers

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 was completed in April, 2012, an additional \$5 million in general obligation referendum bonds were issued and the contracts for Phase II for road engineering, resurfacing, and pulverization; the purchase of snow removal equipment; and the soliciting of proposals for a drainage study were approved. 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.

CITY OF PROSPECT HEIGHTS

STATEMENT OF NET ASSETS

As of April 30, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 16,195,857	\$ 1,759,207	\$ 17,955,064
Receivables (net)			
Property taxes	1,140,065	-	1,140,065
Intergovernmental	1,084,507	-	1,084,507
Other taxes	249,895	-	249,895
Accounts	321,428	120,981	442,409
Prepaid items	71,136	2,111	73,247
Assets held for resale	3,058,000	-	3,058,000
Internal balances	99,196	(99,196)	-
Internal balances - advances	380,037	(380,037)	-
Investment in joint venture - airport	-	46,661,882	46,661,882
Unamortized debt issuance expense	322,238	-	322,238
Capital assets			
Capital Assets not being depreciated	7,706,337	102,195	7,808,532
Capital assets, net of accumulated depreciation	<u>17,777,453</u>	<u>4,671,332</u>	<u>22,448,785</u>
Total Assets	<u>48,406,149</u>	<u>52,838,475</u>	<u>101,244,624</u>
LIABILITIES			
Accounts payable	448,169	43,959	492,128
Accrued payroll	147,186	3,526	150,712
Accrued interest	431,367	12,566	443,933
Deposits	174,418	1,800	176,218
Unearned revenue	1,239,576	-	1,239,576
Noncurrent liabilities			
Due within one year	966,827	59,874	1,026,701
Due in more than one year	<u>23,422,329</u>	<u>715,000</u>	<u>24,137,329</u>
Total Liabilities	<u>26,829,872</u>	<u>836,725</u>	<u>27,666,597</u>
NET ASSETS			
Invested in capital assets, net of related debt	16,599,408	4,009,527	20,608,935
Restricted for			
Debt service	1,745,120	-	1,745,120
Public safety	288,030	-	288,030
Special service area improvements	1,160,258	-	1,160,258
Tourism	2,016,957	-	2,016,957
Streets and highways	207,970	-	207,970
Airport development	179,510	-	179,510
Unrestricted (Deficit)	<u>(620,976)</u>	<u>47,992,223</u>	<u>47,371,247</u>
TOTAL NET ASSETS	<u>\$ 21,576,277</u>	<u>\$ 52,001,750</u>	<u>\$ 73,578,027</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2012

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 2,412,558	\$ 2,047,787	\$ 353,033
Public safety	2,963,020	301,287	196,848
Public works	1,945,801	-	625,862
Interest and fiscal charges	895,818	-	-
Total Governmental Activities	8,217,197	2,349,074	1,175,743
Business-type Activities			
Water	600,174	710,576	-
Airport	-	-	-
Parking	48,259	58,038	-
Total Business-type Activities	648,433	768,614	-
Total	\$ 8,865,630	\$ 3,117,688	\$ 1,175,743

General Revenues

Taxes

Property

Sales and local use taxes

Utility

Hotel

Other

Intergovernmental

Income tax

Other intergovernmental taxes

Joint venture - airport

Investment income

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (11,738)	\$ -	\$ (11,738)
(2,464,885)	-	(2,464,885)
(1,319,939)	-	(1,319,939)
(895,818)	-	(895,818)
<u>(4,692,380)</u>	<u>-</u>	<u>(4,692,380)</u>
-	110,402	110,402
-	-	-
-	9,779	9,779
-	<u>120,181</u>	<u>120,181</u>
<u>(4,692,380)</u>	<u>120,181</u>	<u>(4,572,199)</u>
1,773,580	-	1,773,580
1,260,309	-	1,260,309
1,228,521	-	1,228,521
678,815	-	678,815
260,273	-	260,273
1,377,307	-	1,377,307
3,504	-	3,504
-	253,987	253,987
7,857	3,496	11,353
716,516	25,867	742,383
134,695	(134,695)	-
<u>7,441,377</u>	<u>148,655</u>	<u>7,590,032</u>
2,748,997	268,836	3,017,833
<u>18,827,280</u>	<u>51,732,914</u>	<u>70,560,194</u>
<u>\$ 21,576,277</u>	<u>\$ 52,001,750</u>	<u>\$ 73,578,027</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

BALANCE SHEET GOVERNMENTAL FUNDS As of April 30, 2012

	General	Special Service Area #8	Palatine/ Milwaukee TIF	Road Construction Debt
ASSETS				
Cash and investments	\$ 4,696,822	\$ -	\$ 2,042,318	\$ -
Receivables (net)				
Property taxes	158,007	80,000	337,316	424,594
Intergovernmental	985,597	-	-	-
Other taxes	249,895	-	-	-
Accounts	177,023	-	-	-
Prepaid items	49,319	-	-	-
Assets held for resale	-	-	-	-
Due from other funds	438,977	-	-	-
Advances to other funds	522,099	-	-	-
TOTAL ASSETS	<u>\$ 7,277,739</u>	<u>\$ 80,000</u>	<u>\$ 2,379,634</u>	<u>\$ 424,594</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 117,137	\$ 42,856	\$ 571	\$ -
Accrued payroll	139,688	-	-	-
Deposits	174,418	-	-	-
Deferred revenues	265,602	80,000	333,369	424,594
Due to other funds	14,064	170,344	27,641	-
Advances from other funds	370,448	60,036	-	-
Total Liabilities	<u>1,081,357</u>	<u>353,236</u>	<u>361,581</u>	<u>424,594</u>
Fund Balances (Deficit)				
Nonspendable	571,418	-	-	-
Restricted	204,793	-	2,018,053	-
Committed	1,598,657	-	-	-
Assigned	160,984	-	-	-
Unassigned	3,660,530	(273,236)	-	-
Total Fund Balances (deficit)	<u>6,196,382</u>	<u>(273,236)</u>	<u>2,018,053</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,277,739</u>	<u>\$ 80,000</u>	<u>\$ 2,379,634</u>	<u>\$ 424,594</u>

See accompanying notes to financial statements.

Road Construction	Development	Sales Tax Non-Home Rule	Nonmajor Governmental Funds	Totals
\$ 5,705,657	\$ 425,881	\$ 19,685	\$ 3,305,494	\$ 16,195,857
-	-	-	140,148	1,140,065
-	-	67,351	31,559	1,084,507
-	-	-	-	249,895
-	-	-	144,405	321,428
-	-	-	21,817	71,136
-	3,058,000	-	-	3,058,000
-	-	-	184,408	623,385
-	-	-	646,456	1,168,555
<u>\$ 5,705,657</u>	<u>\$ 3,483,881</u>	<u>\$ 87,036</u>	<u>\$ 4,474,287</u>	<u>\$ 23,912,828</u>
\$ 151,963	\$ 298	\$ -	\$ 135,344	\$ 448,169
-	-	-	7,498	147,186
-	-	-	-	174,418
-	-	-	136,011	1,239,576
100,380	745	95,508	115,507	524,189
-	-	276,008	82,026	788,518
<u>252,343</u>	<u>1,043</u>	<u>371,516</u>	<u>476,386</u>	<u>3,322,056</u>
-	-	-	-	571,418
5,453,314	-	-	3,806,366	11,482,526
-	-	-	258,413	1,857,070
-	3,482,838	-	-	3,643,822
-	-	(284,480)	(66,878)	3,035,936
<u>5,453,314</u>	<u>3,482,838</u>	<u>(284,480)</u>	<u>3,997,901</u>	<u>20,590,772</u>
<u>\$ 5,705,657</u>	<u>\$ 3,483,881</u>	<u>\$ 87,036</u>	<u>\$ 4,474,287</u>	<u>\$ 23,912,828</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS As of April 30, 2012

Total Fund Balances - Governmental Funds	\$ 20,590,772
--	---------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	25,483,790
--	------------

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(22,237,842)
Compensated absences	(200,406)
Accrued interest	(431,367)
Unamortized debt discount and issue costs	210,778
Net OPEB obligation	(120,112)
Net pension obligation	<u>(1,719,336)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 21,576,277</u>
--	-----------------------------

CITY OF PROSPECT HEIGHTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2012

	General	Special Service Area #8	Palatine/ Milwaukee TIF	Road Construction Debt
REVENUES				
Taxes	\$ 2,912,650	\$ -	\$ 1,043,719	\$ -
Intergovernmental	1,589,024	-	-	-
Licenses and permits	887,172	-	-	-
Fines, forfeitures and penalties	256,814	-	-	-
Charges for services	606,457	-	-	-
Investment income	2,692	-	698	-
Miscellaneous	<u>817,722</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>7,072,531</u>	<u>-</u>	<u>1,044,417</u>	<u>-</u>
EXPENDITURES				
Current				
General government	1,327,398	-	122,134	-
Public safety	3,242,292	-	-	-
Public works	744,418	47,927	-	-
Capital outlay	299,505	113,922	-	-
Debt service				
Principal	110,000	56,422	310,000	-
Interest	<u>79,604</u>	<u>-</u>	<u>127,825</u>	<u>-</u>
Total Expenditures	<u>5,803,217</u>	<u>218,271</u>	<u>559,959</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,269,314</u>	<u>(218,271)</u>	<u>484,458</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on general obligation debt issued	-	-	-	-
Discount on refunding debt issued	-	-	-	-
Transfers in	1,881,438	-	-	-
Transfers out	<u>-</u>	<u>(52,073)</u>	<u>(68,838)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,881,438</u>	<u>(52,073)</u>	<u>(68,838)</u>	<u>-</u>
Net Change in Fund Balances	3,150,752	(270,344)	415,620	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>3,045,630</u>	<u>(2,892)</u>	<u>1,602,433</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 6,196,382</u>	<u>\$ (273,236)</u>	<u>\$ 2,018,053</u>	<u>\$ -</u>

See accompanying notes to financial statements.

Road Construction	Development	Sales Tax Non-Home Rule	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 270,217	\$ 974,912	\$ 5,201,498
-	-	-	811,380	2,400,404
-	-	-	-	887,172
-	-	-	-	256,814
-	-	-	563,178	1,169,635
1,709	338	62	2,358	7,857
-	<u>50,000</u>	-	<u>40,397</u>	<u>908,119</u>
<u>1,709</u>	<u>50,338</u>	<u>270,279</u>	<u>2,392,225</u>	<u>10,831,499</u>
-	17,706	-	856,885	2,324,123
-	-	-	104,961	3,347,253
-	-	-	146,150	938,495
4,321,393	-	-	266,418	5,001,238
-	4,560,305	-	575,000	5,611,727
<u>145,538</u>	<u>845,521</u>	-	<u>168,863</u>	<u>1,367,351</u>
<u>4,466,931</u>	<u>5,423,532</u>	-	<u>2,118,277</u>	<u>18,590,187</u>
<u>(4,465,222)</u>	<u>(5,373,194)</u>	<u>270,279</u>	<u>273,948</u>	<u>(7,758,688)</u>
10,000,000	-	-	-	10,000,000
-	5,430,000	-	-	5,430,000
134,241	-	-	-	134,241
-	(22,697)	-	-	(22,697)
-	-	-	129,050	2,010,488
<u>(215,705)</u>	-	<u>(129,050)</u>	<u>(1,410,127)</u>	<u>(1,875,793)</u>
<u>9,918,536</u>	<u>5,407,303</u>	<u>(129,050)</u>	<u>(1,281,077)</u>	<u>15,676,239</u>
5,453,314	34,109	141,229	(1,007,129)	7,917,551
-	<u>3,448,729</u>	<u>(425,709)</u>	<u>5,005,030</u>	<u>12,673,221</u>
<u>\$ 5,453,314</u>	<u>\$ 3,482,838</u>	<u>\$ (284,480)</u>	<u>\$ 3,997,901</u>	<u>\$ 20,590,772</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2012

Net change in fund balances - total governmental funds	\$	7,917,551
Amounts reported for governmental activities in the statement of net assets are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		5,001,238
Some items reported as capital outlay were not capitalized		(387,201)
Depreciation is reported in the government-wide financial statements		(1,202,180)
Net book value of assets retired		(5,541)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Debt issued		(15,430,000)
Principal repaid		5,611,727
<p>Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Issuance costs		238,238
Premium		(111,460)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		53,706
Other post employment benefits		740,502
Accrued interest on debt		347,133
Net pension obligation		(24,716)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>2,748,997</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of April 30, 2012

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,740,229	\$ -	\$ 18,978	\$ 1,759,207
Accounts receivable	120,981	-	-	120,981
Prepaid items	1,925	-	186	2,111
Total Current Assets	<u>1,863,135</u>	<u>-</u>	<u>19,164</u>	<u>1,882,299</u>
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	102,195	-	-	102,195
Capital assets net of accumulated depreciation	3,867,925	-	803,407	4,671,332
Other Assets				
Investment in joint venture	-	46,661,882	-	46,661,882
Total Noncurrent Assets	<u>3,970,120</u>	<u>46,661,882</u>	<u>803,407</u>	<u>51,435,409</u>
Total Assets	<u>5,833,255</u>	<u>46,661,882</u>	<u>822,571</u>	<u>53,317,708</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Totals
	Water	Airport	Parking	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 43,835	\$ -	\$ 124	\$ 43,959
Accrued payroll	3,526	-	-	3,526
Accrued interest	12,566	-	-	12,566
Deposits	1,800	-	-	1,800
Due to other funds	99,196	-	-	99,196
Compensated absences	9,874	-	-	9,874
General obligation debt payable	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Current Liabilities	<u>220,797</u>	<u>-</u>	<u>124</u>	<u>220,921</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt payable	715,000	-	-	715,000
Advances from other funds	<u>-</u>	<u>-</u>	<u>380,037</u>	<u>380,037</u>
Total Noncurrent Liabilities	<u>715,000</u>	<u>-</u>	<u>380,037</u>	<u>1,095,037</u>
Total Liabilities	<u>935,797</u>	<u>-</u>	<u>380,161</u>	<u>1,315,958</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,206,120	-	803,407	4,009,527
Unrestricted (Deficit)	<u>1,691,338</u>	<u>46,661,882</u>	<u>(360,997)</u>	<u>47,992,223</u>
TOTAL NET ASSETS	<u>\$ 4,897,458</u>	<u>\$ 46,661,882</u>	<u>\$ 442,410</u>	<u>\$ 52,001,750</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended April 30, 2012

	Business-type Activities - Enterprise Funds			Totals
	Water	Airport	Parking	
OPERATING REVENUES				
Charges for services	\$ 710,576	\$ -	\$ 58,038	\$ 768,614
Total Operating Revenues	<u>710,576</u>	<u>-</u>	<u>58,038</u>	<u>768,614</u>
OPERATING EXPENSES				
Operations and maintenance	446,912	-	16,123	463,035
Depreciation	118,890	-	32,136	151,026
Total Operating Expenses	<u>565,802</u>	<u>-</u>	<u>48,259</u>	<u>614,061</u>
Operating Income	<u>144,774</u>	<u>-</u>	<u>9,779</u>	<u>154,553</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	3,427	-	69	3,496
Miscellaneous	25,867	-	-	25,867
Joint venture - airport	-	253,987	-	253,987
Interest expense	(34,372)	-	-	(34,372)
Total Nonoperating Revenues (Expenses)	<u>(5,078)</u>	<u>253,987</u>	<u>69</u>	<u>248,978</u>
Income (Loss) Before Contributions and Transfers	<u>139,696</u>	<u>253,987</u>	<u>9,848</u>	<u>403,531</u>
CONTRIBUTIONS AND TRANSFERS				
Transfers out	(69,663)	-	(65,032)	(134,695)
Total Contributions and Transfers	<u>(69,663)</u>	<u>-</u>	<u>(65,032)</u>	<u>(134,695)</u>
Change in Net Assets	<u>70,033</u>	<u>253,987</u>	<u>(55,184)</u>	<u>268,836</u>
NET ASSETS - Beginning of Year	<u>4,827,425</u>	<u>46,407,895</u>	<u>497,594</u>	<u>51,732,914</u>
NET ASSETS - END OF YEAR	<u>\$ 4,897,458</u>	<u>\$ 46,661,882</u>	<u>\$ 442,410</u>	<u>\$ 52,001,750</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended April 30, 2012

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 933,095	\$ -	\$ 58,038	\$ 991,133
Customer deposits received	1,800	-	-	1,800
Paid to suppliers for goods and services	(320,268)	-	(23,254)	(343,522)
Paid to employees for services	(70,219)	-	-	(70,219)
Net Cash Flows From Operating Activities	<u>544,408</u>	<u>-</u>	<u>34,784</u>	<u>579,192</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>3,427</u>	<u>-</u>	<u>69</u>	<u>3,496</u>
Net Cash Flows From Investing Activities	<u>3,427</u>	<u>-</u>	<u>69</u>	<u>3,496</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(69,663)	-	(65,032)	(134,695)
Interfund advances paid	<u>-</u>	<u>-</u>	<u>(22,406)</u>	<u>(22,406)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(69,663)</u>	<u>-</u>	<u>(87,438)</u>	<u>(157,101)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(35,000)	-	-	(35,000)
Interest paid	(50,813)	-	-	(50,813)
Acquisition and construction of capital assets	<u>(107,695)</u>	<u>-</u>	<u>-</u>	<u>(107,695)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(193,508)</u>	<u>-</u>	<u>-</u>	<u>(193,508)</u>
Net Change in Cash and Cash Equivalents	284,664	-	(52,585)	232,079
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,455,565</u>	<u>-</u>	<u>71,563</u>	<u>1,527,128</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,740,229</u>	<u>\$ -</u>	<u>\$ 18,978</u>	<u>\$ 1,759,207</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 144,774	\$ -	\$ 9,779	\$ 154,553
Nonoperating revenue	25,867	-	-	25,867
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	118,890	-	32,136	151,026
Changes in assets and liabilities				
Accounts receivables	196,652	-	-	196,652
Prepaid items	(541)	-	(116)	(657)
Accounts payable	(28,092)	-	(7,015)	(35,107)
Accrued payroll	1,338	-	-	1,338
Deposits	1,800	-	-	1,800
Due to other funds	84,209	-	-	84,209
Compensated absences	(489)	-	-	(489)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 544,408</u>	<u>\$ -</u>	<u>\$ 34,784</u>	<u>\$ 579,192</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Joint venture - airport	<u>\$ -</u>	<u>\$ 253,987</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND As of April 30, 2012

	<u>Pension Trust Police Pension Fund</u>
ASSETS	
Cash	\$ 238,266
Investments	
Mutual funds	4,340,849
U.S. government and agency securities	4,098,316
Corporate bonds	641,462
Receivables - (net)	
Accrued interest	<u>41,022</u>
Total Assets	<u>9,359,915</u>
LIABILITIES	
Accounts payable	<u>60,643</u>
Total Liabilities	<u>60,643</u>
NET ASSETS	
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>\$ 9,299,272</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND For the Year Ended April 30, 2012

	Pension Trust Police Pension Fund
ADDITIONS	
Contributions	
Employer	\$ 514,504
Plan members	146,174
Total Contributions	<u>660,678</u>
Investment income	
Interest and dividends	196,484
Net appreciation (depreciation) in fair value of investments	<u>(411,720)</u>
Total Investment Income	(215,236)
Less Investment expense	<u>15,692</u>
Net Investment Income	<u>(230,928)</u>
Total Additions	<u>429,750</u>
DEDUCTIONS	
Administration	26,292
Benefits	<u>217,938</u>
Total Deductions	<u>244,230</u>
 Change in Net Assets	 185,520
NET ASSETS - Beginning of Year	<u>9,113,752</u>
 NET ASSETS - END OF YEAR	 <u>\$ 9,299,272</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE	Page
I Summary of Significant Accounting Policies	33
A. Reporting Entity	33
B. Government-Wide and Fund Financial Statements	33
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	37
D. Assets, Liabilities, and Net Assets or Equity	38
1. Deposits and Investments	38
2. Receivables	41
3. Prepaid Items	41
4. Capital Assets	42
5. Other Assets	43
6. Compensated Absences	43
7. Long-Term Obligations	43
8. Claims and Judgments	43
9. Equity Classifications	44
10. Land Held for Resale	45
II Stewardship, Compliance, and Accountability	46
A. Budgetary Information	46
B. Excess Expenditures Over Appropriations	46
C. Deficit Balances	47
D. Limitations on the City's Tax Levy	47
III Detailed Notes on All Funds	47
A. Deposits and Investments	47
B. Receivables	50
C. Capital Assets	51
D. Interfund Receivables/Payables, Advances and Transfers	54
E. Long-Term Obligations	57
F. Fund Balances	63
IV Other Information	64
A. Employees' Retirement System	64
B. Risk Management	68
C. Commitments and Contingencies	69
D. Joint Ventures	70
E. Other Postemployment Benefits	71
F. Effect of New Accounting Standards on Current-Period Financial Statements	74

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

This report includes all of the funds of the City of Prospect Heights. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Component Unit

The Police Pension Employees Retirement System (PPERS) is established for the city's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the city's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The city and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the city is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the city's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. No separate annual financial report is issued for the PPERS.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The city made the decision to implement this standard effective May 1, 2011.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Service Area #8 - Special Revenue Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for levee wall improvements.
- Palatine/Milwaukee TIF - Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs associated with the Palatine Road and Milwaukee Avenue area improvements.
- Road Construction Debt - Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs on the city's General Obligation Debt Certificates, Series 2011A and 2012.
- Road Construction - Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including road construction.
- Development - Capital Projects Fund - used to account for assets held for resale.
- Sales Tax Non-Home Rule - Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for infrastructure improvements.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following major enterprise funds:

Water Fund - accounts for operations of the water system.
Airport Fund - accounts for the city's equity investment in the Chicago Executive Airport.
Parking Fund - accounts for operations of the commuter parking lot.

The city reports the following nonmajor governmental funds:

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

Motor Fuel Tax	Convention and Visitors' Bureau
DEA Seizure	SWANCC
Special Service Area #1	Special Service Area #2
Special Service Area #3	Special Service Area #4
Special Service Area #5	

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

Special Service Area #6 Debt

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Reconstruction	Special Service Area #6 Construction
----------------	--------------------------------------

In addition, the city reports the following fund types:

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

Police Pension

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Government-Wide Financial Statements

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

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city 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 deferred revenue is removed from the balance sheet and revenue is recognized.

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Illinois Statutes authorize the city to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment adviser may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements.

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

The city and police pension have adopted investment policies. Those policies contain the following guidelines for allowable investments.

Interest Rate Risk

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

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The city's and pension's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Concentration of Credit Risk

The city's investment policy requires that the city will diversify its investments by security type and institution. With the exception of U.S. treasury securities and authorized pools, no more than fifty percent (50%) of the city's total investment portfolio will be invested in a single security type or with a single financial institution. The police pension's investment policy does not limit concentration of the portfolio.

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

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

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

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

See Note III. A. for further information.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2012 attaches as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2012 tax levy, which attached as an enforceable lien on the property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012, as the tax has not yet been levied by the city and will not be levied until December 2011, and therefore, the levy is not measurable at April 30, 2012.

Tax bills for levy year 2011 are prepared by the county and issued on or about February 1, 2012 and July 1, 2012, and are payable in two installments, on or about March 1, 2012 and August 1, 2012 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2011 property tax levy is recognized as a receivable and deferral in fiscal 2012, net of amounts already collected and of an allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2012, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2011 levy less amounts received prior to April 30, 2012.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Prepaid Items

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. Capital Assets

Government-Wide Statements

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

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

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

Buildings	25-50 Years
Land Improvements	25-50 Years
Machinery and Equipment	10-25 Years
Utility System	50 Years
Levee	50 Years
Bridges	100 Years
Street Lights	50 Years
Sidewalks	40 Years
Storm sewers	35-50 Years
Sanitary sewers	40 Years

Fund Financial Statements

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

6. Compensated Absences

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at April 30, 2012, are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

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

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

8. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

9. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the city administrator or finance director to assign funds for specific purposes. Any funds set aside as assigned fund balance must be reported to the city council at their next regular meeting. The governing board has the authority to remove or change the assignment of the funds with a simple majority vote. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

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

Under (ordinance O-12-13), the city council formally established a stabilization arrangement. The stabilization arrangement contained as a committed balance within the general fund. The stabilization arrangement shall not be used except for urgent events that affect the health and safety of residents including floods, fires or storm damage. Additions to the stabilization arrangement are required when the fund balance declines below 10% of general fund expenditures.

See Note III. F. for further information.

10. Land Held for Resale

The City's assets held for resale include property that is being held for sale for future development of the City. The assets are valued at the lower of cost or market.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, and pension trust funds. All annual budget appropriations lapse at fiscal year-end. The Road Construction Debt Fund was not budgeted.

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 February 27, 2012.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Service Area #8	\$ 20,000	\$ 218,271	\$ 198,271
DEA Seizure	310,215	352,559	42,344
SWANCC	396,000	402,843	6,843
Special Service Area #2	7,838	8,250	412
Police pension	241,820	244,230	2,410

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

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

As of April 30, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Service Area #8	\$ 273,236	Current and prior operating expenditures exceeded available revenues or financing
Sales Tax Non-Home Rule	284,480	Prior operating expenditures exceeded available revenues or financing
Special Service Area #1	66,878	Current operating expenditures exceeded available revenues or financing

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lessor of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the city's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2011 and 2010 tax levies were 1.5% and 2.7%, respectively.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as cash and investments. The deposits and investments of the pension trust fund are held separately from those of other funds.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,290,535	\$ 5,459,082	Custodial credit risk
Illinois Funds Money Market	6,584,674	6,890,662	Credit risk
Other Money Market Accounts	6,316,944	6,210,673	Credit risk
US Government and Agency Securities	4,098,316	4,098,316	Credit, interest rate, and concentration of credit risk
Corporate Bonds	641,462	641,462	Credit, interest rate, and concentration of credit risk
Mutual Funds	4,340,849	4,340,849	Concentration of credit risk
Petty cash	1,177	-	N/A
Total Deposits and Investments	\$ 27,273,957	\$ 27,441,044	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 17,955,064		
Per statement of net assets- fiduciary funds			
Cash	238,266		
Mutual Funds	4,340,849		
U.S. Government and Agency Securities	4,098,316		
Corporate Bonds	641,462		
Total Deposits and Investments	\$ 27,273,957		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

Custodial Credit Risk

Deposits

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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.

The city does not have any investments exposed to custodial credit risk.

Credit Risk

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

As of April 30, 2012, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
US Government and Agency Securities	AA+	Aaa
Corporate Bonds	A+ to A	Aa3 to A2
Illinois Funds Money Market	AAAa	n/a

Concentration of Credit Risk

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

At April 30, 2012, the pension's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Assets
Tennessee Valley Authority	US Agency Security	7.20%

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of April 30, 2012, the city's investments were as follows:

Police Pension

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1 year	1-5	5-10	More than 10
US Government and Agency Securities	\$ 4,098,316	\$ -	\$ 2,603,277	\$ 1,394,688	\$ 100,351
Corporate Bonds	641,462	-	418,247	223,215	-
Totals	\$ 4,739,778	\$ -	\$ 3,021,524	\$ 1,617,903	\$ 100,351

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned
Property taxes receivable for subsequent year	\$ 1,129,650
Licenses	109,926
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,239,576

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 2,107,040	\$ -	\$ -	\$ 2,107,040
Rights of way	5,557,297	-	-	5,557,297
Easements	42,000	-	-	42,000
Total Capital Assets Not Being Depreciated/ Amortized	7,706,337	-	-	7,706,337
Capital assets being depreciated/ amortized				
Machinery and Equipment	\$ 132,494	\$ -	\$ -	\$ 132,494
Vehicles	896,251	57,447	61,246	892,452
Office furniture and equipment	248,969	273,204	-	522,173
Buildings and improvements	5,361,015	-	-	5,361,015
Streets	20,489,192	4,272,821	-	24,762,013
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	10,565	-	4,759,831
Total Capital Assets Being Depreciated/ Amortized	33,529,740	4,614,037	61,246	38,082,531
Total Capital Assets	41,236,077	4,614,037	61,246	45,788,868

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation/ amortization for				
Machinery and Equipment	(98,893)	(6,082)	-	(104,975)
Vehicles	(616,564)	(54,507)	55,705	(615,366)
Office furniture and equipment	(83,191)	(110,356)	-	(193,547)
Buildings and improvements	(1,070,143)	(111,843)	-	(1,181,986)
Streets	(14,058,997)	(758,022)	-	(14,817,019)
Levee	(11,284)	(5,642)	-	(16,926)
Bridges	(12,634)	(3,477)	-	(16,111)
Street lights	(25,143)	(1,015)	-	(26,158)
Sidewalks	(214,393)	(6,722)	-	(221,115)
Sanitary sewers	(784,333)	(22,964)	-	(807,297)
Storm sewers	(2,183,028)	(121,550)	-	(2,304,578)
Total Accumulated Depreciation/ Amortization	(19,158,603)	(1,202,180)	55,705	(20,305,078)
Net Capital Assets Being Depreciated/ Amortized	14,371,137	3,411,857	5,541	17,777,453
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	\$ 22,077,474	\$ 3,411,857	\$ 5,541	\$ 25,483,790

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 138,173
Public safety	116,444
Public works	947,563
Total Governmental Activities Depreciation/Amortization Expense	\$ 1,202,180

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 27,367	\$ -	\$ -	\$ 27,367
Easements	<u>74,828</u>	<u>-</u>	<u>-</u>	<u>74,828</u>
Total Capital Assets Not Being Depreciated/ Amortized	<u>102,195</u>	<u>-</u>	<u>-</u>	<u>102,195</u>
Capital assets being depreciated/ amortized				
Buildings and improvements	\$ 1,901,789	\$ -	\$ -	\$ 1,901,789
Vehicles	3,524	57,795	-	61,319
Water mains	4,417,245	-	-	4,417,245
Water reservoir	230,000	-	-	230,000
Office furniture and equipment	158,381	-	-	158,381
Machinery and equipment	<u>-</u>	<u>49,900</u>	<u>-</u>	<u>49,900</u>
Total Capital Assets Being Depreciated/Amortized	<u>6,710,939</u>	<u>107,695</u>	<u>-</u>	<u>6,818,634</u>
Total Capital Assets	<u>6,813,134</u>	<u>107,695</u>	<u>-</u>	<u>6,920,829</u>
Less: Accumulated depreciation/ amortization for				
Buildings and improvements	(740,827)	(46,254)	-	(787,081)
Vehicles	(2,465)	(6,837)	-	(9,302)
Water mains	(970,403)	(88,345)	-	(1,058,748)
Water reservoir	(124,200)	(4,600)	-	(128,800)
Office furniture and equipment	(158,381)	-	-	(158,381)
Machinery and equipment	<u>-</u>	<u>(4,990)</u>	<u>-</u>	<u>(4,990)</u>
Total Accumulated Depreciation/Amortization	<u>(1,996,276)</u>	<u>(151,026)</u>	<u>-</u>	<u>(2,147,302)</u>
Net Capital Assets Being Depreciated/Amortized	<u>4,714,663</u>	<u>(43,331)</u>	<u>-</u>	<u>4,671,332</u>
 Business-type Capital Assets, Net of Accumulated Depreciation/ Amortization	 <u>\$ 4,816,858</u>	 <u>\$ (43,331)</u>	 <u>\$ -</u>	 <u>\$ 4,773,527</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities

Water	\$ 118,890
Parking	<u>32,136</u>
 Total Business-type Activities Depreciation / Amortization Expense	 <u>\$ 151,026</u>

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Motor Fuel Tax	\$ 74,760
General	Palatine/Milwaukee TIF	27,641
General	Development	745
General	Sales Tax Non-Home Rule	95,508
General	DEA Seizure	9,299
General	Special Service Area #2	4,204
General	Special Service Area #4	4,707
General	Special Service Area #5	11,513
	Special Service Area #6	
General	Construction	11,024
General	Road Construction	100,380
General	Water	99,196
SWANCC	General	12,988
Special Service Area #3	General	1,076
Special Service Area #5	Special Service Area #8	<u>170,344</u>
 Total - Fund Financial Statements		 623,385
Less: Fund eliminations		<u>(524,189)</u>
 Total Internal Balances - Government-Wide Statement of Net Assets		 <u>\$ 99,196</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 99,196
Business-type Activities	Governmental Activities	-
Total Government-Wide Financial Statements		\$ 99,196

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

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Special Service Area #1	\$ 82,026	\$ 82,026
General	Special Service Area #8	60,036	60,036
General	Parking	380,037	380,037
Convention and Visitors' Bureau	General	370,448	370,448
Convention and Visitors' Bureau	Sales Tax Non-Home Rule	276,008	276,008
Total - Fund Financial Statements		1,168,555	
Less: Fund eliminations		(788,518)	
Total - Interfund Advances - Government-Wide Statement of Net Assets		\$ 380,037	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 380,037	
Business-type Activities	Governmental Activities	-	
Total Government-Wide Financial Statements		\$ 380,037	

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances (cont.)

The principal purpose of these advances is to cover cash overdrafts.

For the statement of net assets, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General	Motor Fuel Tax	\$ 130,679
General	Palatine/Milwaukee	68,838
General	Convention and Visitors' Bureau	54,305
General	SWANCC	162,872
General	Special Service Area #1	185,201
General	Special Service Area #2	179,680
General	Special Service Area #3	171,540
General	Special Service Area #4	183,571
General	Special Service Area #5	217,306
General	Reconstruction	401
General	Special Service Area #6 Construction	124,572
General	Special Service Area #8	52,073
General	Road Construction	215,705
General	Water	69,663
General	Parking	65,032
Motor Fuel Tax	Sales Tax Non-Home Rule	129,050
Total - Fund Financial Statements		2,010,488
Less: Fund eliminations		(1,875,793)
Total Transfers - Government-Wide Statement of Activities		\$ 134,695

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 134,695
Business-type Activities	Governmental Activities	-
Total Government-wide Financial Statements		\$ 134,695

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 6,885,305	\$ 15,430,000	\$ 5,155,305	\$ 17,160,000	\$ 290,000
Palatine/Milwaukee TIF Note	2,750,000	-	310,000	2,440,000	330,000
Special service area bonds	2,615,000	-	90,000	2,525,000	90,000
Notes payable	169,264	-	56,422	112,842	56,421
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	-	111,544	84	111,460	-
Sub-totals	<u>12,419,569</u>	<u>15,541,544</u>	<u>5,611,811</u>	<u>22,349,302</u>	<u>766,421</u>
Other Liabilities					
Compensated absences	254,112	200,406	254,112	200,406	200,406
Other postemployment benefits	860,614	41,810	782,312	120,112	-
Net pension obligation	1,694,620	539,220	514,504	1,719,336	-
Total Other Liabilities	<u>2,809,346</u>	<u>781,436</u>	<u>1,550,928</u>	<u>2,039,854</u>	<u>200,406</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 15,228,915</u>	<u>\$ 16,322,980</u>	<u>\$ 7,162,739</u>	<u>\$ 24,389,156</u>	<u>\$ 966,827</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 800,000	-	\$ 35,000	\$ 765,000	\$ 50,000
Other Liabilities					
Compensated absences	10,362	9,874	10,362	9,874	9,874
Total Business-type Activities Long-Term Liabilities	<u>\$ 810,362</u>	<u>\$ 9,874</u>	<u>\$ 45,362</u>	<u>\$ 774,874</u>	<u>\$ 59,874</u>

In the governmental activities, the obligations for compensated absences, other postemployment benefits and net pension obligation will be repaid from the General Fund. In the business-type activities, the obligations for the compensated absences will be repaid from the Water Fund.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

The city is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.630% of the most recent available equalized assessed valuation of the city. As of April 30, 2012, the statutory debt limit for the city was \$38,003,749, providing a debt margin of \$20,078,749.

General Obligation Debt

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

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	<u>Balance</u> April 30, 2012
2008 General obligation debt	3/25/2008	12/15/2023	4.327%	\$ 2,045,000	\$ 1,730,000
2011A General obligation debt	6/29/2011	12/15/2026	2.5 - 4.0%	5,000,000	5,000,000
2011B Refunding general obligation debt	6/29/2011	12/15/2015	3.125%	5,430,000	5,430,000
2012 General obligation debt	2/28/2012	12/15/2026	2.0 - 2.5%	5,000,000	<u>5,000,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 17,160,000</u>
Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	<u>Balance</u> April 30, 2012
2010 General obligation debt	7/1/2010	12/15/2024	4.0 - 5.2%	\$ 800,000	<u>\$ 765,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 765,000</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2013	\$ 290,000	\$ 572,384	\$ 50,000	\$ 33,510
2014	705,000	596,933	50,000	31,510
2015	710,000	493,979	50,000	29,510
2016	6,160,000	475,586	50,000	27,510
2017	750,000	286,849	55,000	25,510
2018-2022	4,125,000	1,106,603	295,000	93,470
2023-2027	4,420,000	424,751	215,000	22,060
Totals	<u>\$ 17,160,000</u>	<u>\$ 3,957,085</u>	<u>\$ 765,000</u>	<u>\$ 263,080</u>

Tax Increment Financing Bonds

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district.

Tax Increment Financing Bonds at April 30, 2012, consists of the following:

Governmental Activities Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2012
Palatine/Milwaukee TIF Notes	6/1/2004	12/1/2017	3.5 - 4.9%	\$ 5,225,000	<u>\$ 2,440,000</u>
Total Governmental Activities Tax Increment Financing Bonds					<u>\$ 2,440,000</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Tax Increment Financing Bonds	
	Principal	Interest
2013	\$ 330,000	\$ 114,185
2014	345,000	99,665
2015	400,000	84,485
2016	420,000	66,885
2017	445,000	46,305
2018	500,000	24,500
Totals	\$ 2,440,000	\$ 436,025

Special Service Area Bonds

Special service area bonds have been issued to provide funds for water main capital construction and road capital improvements within the Lake Claire Special Service Area.

Special service area bonds at April 30, 2012, consist of the following:

<u>Governmental Activities Special Service Area Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2012</u>
Special service area bonds	1/29/2009	12/15/2028	4 to 6.25%	\$ 2,800,000	\$ 2,525,000
Total Governmental Activities Special Service Area Bonds					\$ 2,525,000

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Special Service Area Bonds (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Special Service Area Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 90,000	\$ 143,088
2014	95,000	139,218
2015	100,000	134,753
2016	110,000	129,753
2017	115,000	124,253
2018-2022	670,000	524,908
2023-2027	900,000	309,083
2028-2029	<u>445,000</u>	<u>42,184</u>
Totals	<u>\$ 2,525,000</u>	<u>\$ 1,547,240</u>

Notes Payable

Notes payable have been issued to finance capital costs associated with the Levee 37 project. Notes are to be repaid from the Special Service Area #8 Fund.

Notes Payable at April 30, 2012 consist of the following:

<u>Governmental Activities Notes Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2012</u>
Notes payable	2/1/2010	2/1/2014	0%	\$ 282,107	<u>\$ 112,842</u>
Total Governmental Activities Notes Payable					<u>\$ 112,842</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Notes Payable	
	Principal	Interest
2013	\$ 56,421	\$ -
2014	<u>56,421</u>	<u>-</u>
Totals	<u>\$ 112,842</u>	<u>\$ -</u>

Current Refunding

On June 29, 2011, the city issued \$5,430,000 in taxable refunding debt certificates with an average interest rate of 3.125% to current refund \$4,560,305 of outstanding taxable general obligation debt certificates with an average interest rate of 5.25%. The net proceeds of \$5,342,000 (after payment of \$88,000 in underwriting fees, insurance and other issuance costs) were used to pay the outstanding debt service requirements on the old bonds including \$781,695 of interest due.

The cash flow requirements on the refunded debt certificates prior to the current refunding was \$5,342,000 in fiscal year 2012. The cash flow requirements on the 2011 refunding debt certificates are \$6,186,955 from fiscal years 2013 through 2016. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$77,940. The city entered into the refunding to extend the payments on the debt.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. FUND BALANCES

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2012, include the following:

Nonspendable	
Major Funds	
General Fund	
Advance to other funds	\$ 522,099
Prepaid items	49,319
Total	<u>\$ 571,418</u>
Restricted	
Major Funds	
General Fund	
Public safety	\$ 25,283
Airport development	179,510
Sub-Total	<u>204,793</u>
Palatine/Milwaukee TIF Fund	
Debt service	2,018,053
Road Construction Fund	
Capital projects	5,453,314
Nonmajor Funds	
Streets and highways	207,970
Tourism	2,016,957
Public safety	262,747
Special service area improvements	1,160,258
Debt service	158,434
Sub-Total	<u>3,806,366</u>
Total	<u>\$ 11,482,526</u>
Committed	
Major Funds	
General Fund	
Revenue stabilization	\$ 1,598,657
Nonmajor Funds	
Solid waste disposal	258,413
Total	<u>\$ 1,857,070</u>
Assigned	
Major Fund	
General Fund	
Capital purchases	\$ 160,984
Development Fund	
Capital projects	3,482,838
Total	<u>\$ 3,643,822</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan Descriptions

The city contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the pension plan. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The city's required and actual contribution rate for 2011 was 15.89% of annual covered payroll.

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 State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The city accounts for the plan as a pension trust fund.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At April 30, 2012, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	12
Current employees:	
Vested	17
Non vested	-
Total	29

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

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

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The city is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the city's contributions must accumulate to the point where past service cost for the Police Pension Plan is 90% by the year 2040. For the year ended April 30, 2012, the city's contribution was 35.34% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies

Police Pension Plan

Basis of Accounting. The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The city's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan are financed through interest earnings.

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

Annual Pension Cost

The city's annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2011	April 30, 2011
Contribution rates:		
Employer	15.89%	35.34%
Employee	4.50%	9.91%
Annual required contribution	\$156,417	\$514,507
Contributions made	\$156,417	\$514,504
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal
Asset valuation method	market	Market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	23 years	22 years
Actuarial assumptions:		
Investment rate of return	7.50%	7.00%
	Compounded annually	Compounded annually
Projected salary increases	.4 to 11.6%	5.50%
Inflation rate included	4.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Obligation (Asset)

The following is the net pension obligation calculation from the April 30, 2011, actuarial report:

Net Pension Obligation:	Police Pension
Annual required contribution	\$ 514,507
Interest on net pension obligation	118,623
Adjustment to annual required contribution	<u>(93,910)</u>
Annual pension cost	539,220
Contributions made	<u>(514,504)</u>
Change in net pension obligation	24,716
Net pension obligation, beginning of year	<u>1,694,620</u>
Net pension obligation, end of year	<u><u>\$ 1,719,336</u></u>

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2012	\$ 156,417	\$ 539,220
	2011	121,824	783,867
	2010	241,979	673,805
Contributions made	2012	\$ 156,417	\$ 514,504
	2011	121,824	661,555
	2010	241,979	567,112
Percentage of APC contributed	2012	100%	95.4%
	2011	100%	84.4%
	2010	100%	84.2%
Net pension obligation	2012	\$ -	\$ 1,719,336
	2011	-	1,694,620
	2010	-	1,572,308

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Funded Status and Funding Progress

The city's actuarial value of plan assets for the current year and related information is as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	December 31, 2011	April 30, 2011
Actuarial Valuation of Assets (a)	\$ 2,938,328	\$ 9,113,752
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 3,884,956	\$ 14,503,335
Unfunded AAL (UAAL) (b - a)	\$ 946,628	\$ 5,389,583
Funded Ratio (a/b)	75.63 %	62.84 %
Covered Payroll (c)	984,376	1,455,945
UAAL as a Percentage of Covered Payroll ((b-a)/c)	96.17 %	370.18 %

B. RISK MANAGEMENT

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

Public Entity Risk Pool

IRMA

The city participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois that have formed an association under the Illinois Intergovernmental Co-operations Statute to pool their 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, and 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 IRMA beyond its representation on the Board of Directors.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

IRMA (cont.)

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the bylaws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to any membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

Illinois Counties Risk Management Trust (ICRMT)

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

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

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

C. COMMITMENTS AND CONTINGENCIES

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The city is a member of the SWANCC, which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended, (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. The percentage share of the city, based on a formula contained in SWANCC's agreement, as of April 30, 2012, is 2.909%. This percentage share is subject to change in future years based on the usage of the municipalities.

The members form a contiguous geographic service area, which is located northwest of downtown Chicago. Under the Agency Agreement, additional members may join SWANCC, upon the approval of each member. SWANCC is governed by a Board of Directors which consists of one appointed Mayor or President from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the Board. The Board determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules, and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or by the bylaws. Complete financial statements are available from the Solid Waste Agency of Northern Cook County, 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

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

SWANCC has entered into solid waste disposal contracts with member municipalities. The contracts are irrevocable and may not be terminated or amended, except as provided in the contract. Each member is obligated, on a "take or pay" basis, to purchase or, in any event, to pay for a minimum annual cost of the system. The obligation of the city to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. Payments to SWANCC totaled \$395,998 for the year ended April 31, 2012. The city does not have an equity interest in SWANCC.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Chicago Executive Airport

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

The member municipalities have entered into agreements with 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.

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

The powers reserved to the two municipalities are: appointment, discharge, and discipline of the Airport Manager, approval of the Airport Layout Plan, approval of any leases and contracts not in conformance with Airport rules and regulations, approval of any debt obligations, approval of the annual budget, approval of amendments to the intergovernmental agreement, and approval of land acquisition. The Board acts primarily in a "management" capacity. Complete financial statements are available from the Chicago Executive Airport, 1020 South Plant Road, Wheeling, Illinois 60090. At April 30, 2012, the city's proportionate shares of equity and net income were \$46,661,882 and \$253,987, respectively. The city made no payments to the Airport for the year ended April 30, 2012.

E. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The city's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. Retired employees may continue in the group health insurance plan at their own expense in accordance with State and Federal requirements. The cost of coverage shall be at the same rate as is established for active employees. For fiscal year 2012, the city contributed \$13,087 to the plan.

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. In conjunction with the actuarial valuation dated April 30, 2012, the city reduced the percentage of active employees assumed to elect benefits to 20% to better align with the city's experience. The following table shows the components of the city's annual OPEB cost for the year, the change in estimate due to lowering the percentage of active employees assumed to elect benefits, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	41,810
Interest on net OPEB obligation		-
Adjustment to annual required contribution		<u>-</u>
Annual OPEB cost		41,810
Change in estimate		(769,225)
Contributions made		<u>(13,087)</u>
Decrease in net OPEB obligation		(740,502)
Net OPEB Obligation - Beginning of Year		<u>860,614</u>
Net OPEB Obligation - End of Year	\$	<u><u>120,112</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2012	\$ 41,810	31.3%	\$ 120,112
April 30, 2011	328,813	4.4%	860,614
April 30, 2010	313,818	2.0%	593,048

The funded status of the plan as of April 30, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,012,861
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,012,861
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 2,321,945
UAAL as a percentage of covered payroll	44%

Actuarial valuations of an ongoing plan involve estimates for 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 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is 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 benefit costs between the employer and plan members to that point. The 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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2012

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the April 30, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 6%. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at April 30, 2012, was 30 years.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,594,752	\$ 2,765,816	\$ 2,912,650	\$ 146,834
Intergovernmental	1,461,108	1,461,856	1,589,024	127,168
Licenses and permits	794,734	825,263	887,172	61,909
Fines, forfeitures and penalties	341,540	262,600	256,814	(5,786)
Charges for services	410,628	590,839	606,457	15,618
Investment income	3,000	3,000	2,692	(308)
Miscellaneous	<u>120,567</u>	<u>770,142</u>	<u>817,722</u>	<u>47,580</u>
Total Revenues	<u>5,726,329</u>	<u>6,679,516</u>	<u>7,072,531</u>	<u>393,015</u>
EXPENDITURES				
Current:				
General government	1,599,475	1,615,861	1,327,398	288,463
Public safety	3,386,262	3,420,603	3,242,292	178,311
Public works	617,216	807,392	744,418	62,974
Capital outlay	10,950	322,550	299,505	23,045
Debt Service				
Principal	110,000	110,000	110,000	-
Interest	<u>79,617</u>	<u>79,617</u>	<u>79,604</u>	<u>13</u>
Total Expenditures	<u>5,803,520</u>	<u>6,356,023</u>	<u>5,803,217</u>	<u>552,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,191)</u>	<u>323,493</u>	<u>1,269,314</u>	<u>945,821</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	236,996	873,000	1,881,438	1,008,438
Transfers out	<u>(47,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>189,780</u>	<u>873,000</u>	<u>1,881,438</u>	<u>1,008,438</u>
Net Change in Fund Balance	<u>\$ 112,589</u>	<u>\$ 1,196,493</u>	3,150,752	<u>\$ 1,954,259</u>
FUND BALANCE - Beginning of Year			<u>3,045,630</u>	
FUND BALANCE - END OF YEAR			<u>\$ 6,196,382</u>	

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #8 - MAJOR SPECIAL REVENUE FUND

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Public works	-	20,000	47,927	(27,927)
Capital outlay	-	-	113,922	(113,922)
Debt Service				
Principal	-	-	56,422	(56,422)
Total Expenditures	-	20,000	218,271	(198,271)
Excess (deficiency) of revenues over (under) expenditures	-	(20,000)	(218,271)	(198,271)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(65,800)	(52,073)	13,727
Total Other Financing Sources (Uses)	-	(65,800)	(52,073)	13,727
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (85,800)</u>	(270,344)	<u>\$ (184,544)</u>
FUND BALANCE (DEFICIT) - Beginning of Year			(2,892)	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (273,236)</u>	

See accountants' report and accompanying notes to required supplementary information.

CITY OF PROSPECT HEIGHTS

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS As of and For the Year Ended April 30, 2012

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/12	\$ 156,417	100.00%	\$ -
4/30/11	121,824	100.00%	-
4/30/10	241,979	100.00%	-

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/11	\$ 2,938,328	\$ 3,884,956	\$ 946,628	75.63%	\$ 984,376	96.17%
12/31/10	3,161,352	4,013,292	851,940	78.77%	1,036,798	82.17%
12/31/09	3,038,275	4,227,855	1,189,580	71.86%	1,374,880	86.52%
12/31/08	3,626,546	4,631,534	1,004,988	78.30%	1,593,070	63.08%
12/31/07	3,599,565	4,131,631	532,066	87.12%	1,563,142	34.04%
12/31/06	3,361,546	4,049,766	688,220	83.01%	1,535,103	44.83%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$2,728,393. On a market basis, the funded ratio would be 70.23%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	December 31, 2011
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	.4 to 11.6%
Inflation factor	4.00%
Cost of living adjustments	3.00%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PROSPECT HEIGHTS

POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS As of and For the Year Ended April 30, 2012

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/12	\$ 514,507	100.00%	\$ 1,719,336
4/30/11	673,805	98.18%	1,694,620
4/30/10	673,805	84.17%	1,572,308
4/30/09	551,345	100.37%	1,465,615
4/30/08	542,522	103.80%	1,524,178
4/30/07	553,469	93.88%	1,482,513

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
4/30/11	\$ 9,113,752	\$14,503,335	\$ 5,389,583	62.84%	\$ 1,455,945	370.18%
4/30/09	6,131,914	12,718,113	6,586,199	48.21%	2,022,999	325.57%
4/30/08	6,051,676	10,909,516	4,857,840	55.47%	1,958,185	248.08%
4/30/07	4,612,343	9,841,009	5,228,666	46.87%	1,876,732	278.60%
4/30/06	4,279,045	9,514,063	5,235,018	44.98%	1,800,503	290.75%
4/30/05	3,443,597	8,609,291	5,165,694	40.00%	1,799,862	287.01%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	April 30, 2011
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	5.50%
Inflation factor	3.00%
Cost of living adjustments	3.00%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PROSPECT HEIGHTS

OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS As of and For the Year Ended April 30, 2012

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
4/30/12	\$ 41,810	31.3 %
4/30/11	318,769	19.2
4/30/10	299,161	4.7

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
4/30/12	\$ -	\$ 1,012,861	\$ 1,012,861	0%	\$ 2,321,945	44%
4/30/09	-	3,205,477	3,205,477	0%	2,993,051	107%

The city is required to present the above information for the three most recent actuarial studies. The study completed as of April 30, 2009 was the first study performed for the city.

Change in Assumptions

The change in city's unfunded actuarial accrued OPEB liability is due to the reduction of the percentage of active employees assumed to elect benefit reduced to 20% to better align with the city's experience.

CITY OF PROSPECT HEIGHTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended April 30, 2012

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Service Area #8	\$ 20,000	\$ 218,271	\$ 198,271

SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property	\$ 298,816	\$ 298,816	\$ 298,001	\$ (815)
Sales	634,912	713,500	712,340	(1,160)
Local use	229,144	257,500	277,752	20,252
Utility	1,106,400	1,111,000	1,228,521	117,521
Hotel	96,400	120,000	135,763	15,763
Places for eating	228,000	255,000	247,236	(7,764)
Other	1,080	10,000	13,037	3,037
Total Taxes	<u>2,594,752</u>	<u>2,765,816</u>	<u>2,912,650</u>	<u>146,834</u>
INTERGOVERNMENTAL				
Income tax	1,228,141	1,249,000	1,377,307	128,307
Grants	228,967	210,127	208,213	(1,914)
Personal property replacement tax	1,500	1,500	1,599	99
Other	2,500	1,229	1,905	676
Total intergovernmental	<u>1,461,108</u>	<u>1,461,856</u>	<u>1,589,024</u>	<u>127,168</u>
LICENSES AND FEES				
Vehicle stickers	663,690	665,610	721,288	55,678
Licenses	131,044	159,653	165,884	6,231
Total Licenses and fees	<u>794,734</u>	<u>825,263</u>	<u>887,172</u>	<u>61,909</u>
FINES, FORFEITURES AND PENALTIES				
Public safety fines and fees	341,540	262,600	256,814	(5,786)
Total Fines, forfeitures and penalties	<u>341,540</u>	<u>262,600</u>	<u>256,814</u>	<u>(5,786)</u>
CHARGES FOR SERVICE				
Franchise Fees	171,688	262,499	271,067	8,568
Building Revenue and Fees	223,440	289,340	290,917	1,577
Public safety charges for service	15,500	39,000	44,473	5,473
Total Charges for service	<u>410,628</u>	<u>590,839</u>	<u>606,457</u>	<u>15,618</u>
INVESTMENT INCOME				
Investment income	3,000	3,000	2,692	(308)
Total Investment income	<u>3,000</u>	<u>3,000</u>	<u>2,692</u>	<u>(308)</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
MISCELLANEOUS				
Reimbursable income	\$ 82,767	\$ 659,939	\$ 680,987	\$ 21,048
Miscellaneous	37,800	110,203	136,735	26,532
Total Miscellaneous	120,567	770,142	817,722	47,580
TOTAL REVENUES	\$ 5,726,329	\$ 6,679,516	\$ 7,072,531	\$ 393,015

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
City Council and Boards				
Salaries	\$ 12,240	\$ 12,240	\$ 11,365	\$ 875
Pension benefits	936	936	870	66
Professional services	28,660	28,660	14,608	14,052
Professional development	13,145	15,145	10,516	4,629
Other expenditures	200	200	(368)	568
Total City Council and Boards	<u>55,181</u>	<u>57,181</u>	<u>36,991</u>	<u>20,190</u>
Administration				
Salaries	184,631	226,062	232,388	(6,326)
Insurance benefits	120,329	43,352	43,270	82
Pension benefits	43,630	45,203	45,738	(535)
Professional services	289,635	291,959	280,211	11,748
Communications	47,984	64,960	39,777	25,183
Professional development	2,315	1,500	2,382	(882)
Service charges and fees	88,302	65,010	63,038	1,972
Other contractual services	336,816	340,016	132,190	207,826
General supplies	20,367	15,250	13,869	1,381
Printed materials	426	426	221	205
Other expenditures	600	600	-	600
Total Administration	<u>1,135,035</u>	<u>1,094,338</u>	<u>853,084</u>	<u>241,254</u>
Engineering				
Salaries	24,860	27,000	32,171	(5,171)
Insurance benefits	8,430	8,430	7,799	631
Pension benefits	5,875	6,000	6,154	(154)
Professional services	71,540	84,540	52,371	32,169
Professional development	-	-	95	(95)
Non-Printed materials	100	100	-	100
Total Engineering	<u>110,805</u>	<u>126,070</u>	<u>98,590</u>	<u>27,480</u>
Building Department				
Salaries	161,483	171,400	166,635	4,765
Insurance benefits	44,556	44,556	41,596	2,960
Pension benefits	38,159	38,600	37,990	610
Professional services	26,655	22,629	23,524	(895)
Communications	409	340	240	100
Professional development	970	755	968	(213)
General supplies	1,300	1,945	2,475	(530)
Printed materials	100	100	-	100
Total Building Department	<u>273,632</u>	<u>280,325</u>	<u>273,428</u>	<u>6,897</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Reimbursable Expenditures				
Insurance benefits	\$ 24,822	\$ 13,100	\$ 13,087	\$ 13
Professional services	-	26,667	20,000	6,667
Other contractual services	-	1,080	1,080	-
General supplies	-	16,800	15,221	1,579
Other expenditures	-	300	4,853	(4,553)
Total Reimbursable Expenditures	<u>24,822</u>	<u>57,947</u>	<u>54,241</u>	<u>3,706</u>
Grant expense	-	-	11,064	(11,064)
Total General Government	<u>1,599,475</u>	<u>1,615,861</u>	<u>1,327,398</u>	<u>288,463</u>
PUBLIC SAFETY				
Public Safety				
Salaries	1,810,546	1,870,000	1,886,135	(16,135)
Insurance benefits	324,918	373,682	373,231	451
Pension benefits	733,626	734,839	576,221	158,618
Professional services	136,152	71,950	23,080	48,870
Communications	169,256	163,033	163,017	16
Professional development	19,685	18,610	20,715	(2,105)
Other contractual services	800	800	643	157
Maintenance supplies	18,925	11,260	9,144	2,116
General supplies	74,650	77,650	80,222	(2,572)
Non-printed materials	320	550	553	(3)
Other expenditures	-	15,045	29,274	(14,229)
Grants	97,384	83,184	80,057	3,127
Total Public Safety	<u>3,386,262</u>	<u>3,420,603</u>	<u>3,242,292</u>	<u>178,311</u>
PUBLIC WORKS				
Public Works				
Salaries	286,483	320,000	300,704	19,296
Insurance benefits	67,432	75,096	67,974	7,122
Pension benefits	67,698	63,500	66,597	(3,097)
Maintenance services	58,384	58,384	30,358	28,026
Professional services	52,562	78,762	74,673	4,089
Professional development	2,779	2,075	1,777	298
Service charges and fees	7,023	7,023	4,712	2,311
Other contractual services	700	700	300	400
Maintenance supplies	18,825	18,825	27,151	(8,326)
General supplies	55,030	43,410	30,855	12,555
Non-printed materials	300	300	-	300
Grants	-	139,317	139,317	-
Total Public Works	<u>617,216</u>	<u>807,392</u>	<u>744,418</u>	<u>62,974</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CAPITAL OUTLAY				
General administration	\$ -	\$ 311,600	\$ 290,163	\$ 21,437
Public works	2,750	2,750	1,757	993
Public safety	<u>8,200</u>	<u>8,200</u>	<u>7,585</u>	<u>615</u>
Total Capital outlay	<u>10,950</u>	<u>322,550</u>	<u>299,505</u>	<u>23,045</u>
DEBT SERVICE				
Principal	110,000	110,000	110,000	-
Interest	<u>79,617</u>	<u>79,617</u>	<u>79,604</u>	<u>13</u>
Total Debt Service	<u>189,617</u>	<u>189,617</u>	<u>189,604</u>	<u>13</u>
TOTAL EXPENDITURES	<u>\$ 5,803,520</u>	<u>\$ 6,356,023</u>	<u>\$ 5,803,217</u>	<u>\$ 552,806</u>

CITY OF PROSPECT HEIGHTS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of April 30, 2012

	Motor Fuel Tax	Convention and Visitors' Bureau	DEA Seizure	SWANCC	Special Service Area #1
ASSETS					
Cash and investments	\$ 251,621	\$ 1,307,567	\$ 362,593	\$ 177,309	\$ 14,733
Receivables (net)					
Property taxes	-	-	-	-	8,816
Intergovernmental	31,559	-	-	-	-
Accounts	-	96,873	-	47,532	-
Prepaid items	-	1,233	-	20,584	-
Due from other funds	-	-	-	12,988	-
Advances to other funds	-	646,456	-	-	-
	-	646,456	-	-	-
TOTAL ASSETS	\$ 283,180	\$ 2,052,129	\$ 362,593	\$ 258,413	\$ 23,549
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 450	\$ 30,741	\$ 87,480	\$ -	\$ -
Accrued payroll	-	4,431	3,067	-	-
Deferred revenues	-	-	-	-	8,401
Due to other funds	74,760	-	9,299	-	-
Advances from other funds	-	-	-	-	82,026
Total Liabilities	75,210	35,172	99,846	-	90,427
Fund Balances					
Restricted	207,970	2,016,957	262,747	-	-
Committed	-	-	-	258,413	-
Unassigned (Deficit)	-	-	-	-	(66,878)
Total Fund Balances	207,970	2,016,957	262,747	258,413	(66,878)
TOTAL LIABILITIES AND FUND BALANCES	\$ 283,180	\$ 2,052,129	\$ 362,593	\$ 258,413	\$ 23,549

Special Service Area #2	Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #6 Debt	Reconstruction	Special Service Area #6 Construction
\$ 15,940	\$ 483,333	\$ 41,843	\$ 275,348	\$ 157,618	\$ -	\$ 217,589
7,205	17,395	7,810	-	98,922	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,076	-	170,344	-	-	-
-	-	-	-	-	-	-
<u>\$ 23,145</u>	<u>\$ 501,804</u>	<u>\$ 49,653</u>	<u>\$ 445,692</u>	<u>\$ 256,540</u>	<u>\$ -</u>	<u>\$ 217,589</u>
\$ -	\$ -	\$ -	\$ 16,673	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
7,176	16,467	7,810	(1,949)	98,106	-	-
4,204	-	4,707	11,513	-	-	11,024
-	-	-	-	-	-	-
<u>11,380</u>	<u>16,467</u>	<u>12,517</u>	<u>26,237</u>	<u>98,106</u>	<u>-</u>	<u>11,024</u>
11,765	485,337	37,136	419,455	158,434	-	206,565
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,765</u>	<u>485,337</u>	<u>37,136</u>	<u>419,455</u>	<u>158,434</u>	<u>-</u>	<u>206,565</u>
<u>\$ 23,145</u>	<u>\$ 501,804</u>	<u>\$ 49,653</u>	<u>\$ 445,692</u>	<u>\$ 256,540</u>	<u>\$ -</u>	<u>\$ 217,589</u>

CITY OF PROSPECT HEIGHTS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2012**

	<u>Total Nonmajor Governmental Funds</u>
ASSETS	
Cash and investments	\$ 3,305,494
Receivables (net)	
Property taxes	140,148
Intergovernmental	31,559
Accounts	144,405
Prepaid items	21,817
Due from other funds	184,408
Advances to other funds	<u>646,456</u>
TOTAL ASSETS	<u>\$ 4,474,287</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 135,344
Accrued payroll	7,498
Deferred revenues	136,011
Due to other funds	115,507
Advances from other funds	<u>82,026</u>
Total Liabilities	<u>476,386</u>
Fund Balances	
Restricted	3,806,366
Committed	258,413
Unassigned (Deficit)	<u>(66,878)</u>
Total Fund Balances	<u>3,997,901</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,474,287</u>

CITY OF PROSPECT HEIGHTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2012

	Motor Fuel Tax	Convention and Visitors' Bureau	DEA Seizure	SWANCC	Special Service Area #1
REVENUES					
Taxes	\$ -	\$ 543,052	\$ -	\$ -	\$ 22,114
Intergovernmental	482,202	196,883	132,295	-	-
Charges for services	-	-	-	563,178	-
Investment income	195	945	185	136	65
Miscellaneous	-	3,204	-	-	-
Total Revenues	<u>482,397</u>	<u>744,084</u>	<u>132,480</u>	<u>563,314</u>	<u>22,179</u>
EXPENDITURES					
Current					
General government	-	460,887	-	395,998	-
Public safety	-	-	104,961	-	-
Public works	81,502	-	-	-	12,119
Capital outlay	-	1,410	247,598	6,845	-
Debt Service					
Principal	485,000	-	-	-	-
Interest	21,825	-	-	-	-
Total Expenditures	<u>588,327</u>	<u>462,297</u>	<u>352,559</u>	<u>402,843</u>	<u>12,119</u>
Excess (deficiency) of revenues over expenditures	<u>(105,930)</u>	<u>281,787</u>	<u>(220,079)</u>	<u>160,471</u>	<u>10,060</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	129,050	-	-	-	-
Transfers out	<u>(130,679)</u>	<u>(54,305)</u>	<u>-</u>	<u>(162,872)</u>	<u>(185,201)</u>
Total Other Financing Sources (Uses)	<u>(1,629)</u>	<u>(54,305)</u>	<u>-</u>	<u>(162,872)</u>	<u>(185,201)</u>
Net Change in Fund Balances	(107,559)	227,482	(220,079)	(2,401)	(175,141)
FUND BALANCES - Beginning of Year	<u>315,529</u>	<u>1,789,475</u>	<u>482,826</u>	<u>260,814</u>	<u>108,263</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 207,970</u>	<u>\$ 2,016,957</u>	<u>\$ 262,747</u>	<u>\$ 258,413</u>	<u>\$ (66,878)</u>

Special Service Area #2	Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #6 Debt	Reconstruction	Special Service Area #6 Construction
\$ 15,135	\$ 62,088	\$ 17,308	\$ 65,009	\$ 250,206	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
109	261	55	153	60	-	194
-	-	-	-	-	-	37,193
<u>15,244</u>	<u>62,349</u>	<u>17,363</u>	<u>65,162</u>	<u>250,266</u>	-	<u>37,387</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,250	33,208	5,390	5,681	-	-	-
-	-	-	10,565	-	-	-
-	-	-	-	90,000	-	-
-	-	-	-	147,038	-	-
<u>8,250</u>	<u>33,208</u>	<u>5,390</u>	<u>16,246</u>	<u>237,038</u>	-	-
<u>6,994</u>	<u>29,141</u>	<u>11,973</u>	<u>48,916</u>	<u>13,228</u>	-	<u>37,387</u>
-	-	-	-	-	-	-
<u>(179,680)</u>	<u>(171,540)</u>	<u>(183,571)</u>	<u>(217,306)</u>	<u>-</u>	<u>(401)</u>	<u>(124,572)</u>
<u>(179,680)</u>	<u>(171,540)</u>	<u>(183,571)</u>	<u>(217,306)</u>	<u>-</u>	<u>(401)</u>	<u>(124,572)</u>
(172,686)	(142,399)	(171,598)	(168,390)	13,228	(401)	(87,185)
<u>184,451</u>	<u>627,736</u>	<u>208,734</u>	<u>587,845</u>	<u>145,206</u>	<u>401</u>	<u>293,750</u>
<u>\$ 11,765</u>	<u>\$ 485,337</u>	<u>\$ 37,136</u>	<u>\$ 419,455</u>	<u>\$ 158,434</u>	<u>\$ -</u>	<u>\$ 206,565</u>

CITY OF PROSPECT HEIGHTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2012

	<u>Total Nonmajor Governmental Funds</u>
REVENUES	
Taxes	\$ 974,912
Intergovernmental	811,380
Charges for services	563,178
Investment income	2,358
Miscellaneous	<u>40,397</u>
Total Revenues	<u>2,392,225</u>
EXPENDITURES	
Current	
General government	856,885
Public safety	104,961
Public works	146,150
Capital outlay	266,418
Debt Service	
Principal	575,000
Interest	<u>168,863</u>
Total Expenditures	<u>2,118,277</u>
Excess (deficiency) of revenues over expenditures	<u>273,948</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	129,050
Transfers out	<u>(1,410,127)</u>
Total Other Financing Sources (Uses)	<u>(1,281,077)</u>
Net Change in Fund Balances	(1,007,129)
FUND BALANCES - Beginning of Year	<u>5,005,030</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 3,997,901</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX - NONMAJOR SPECIAL REVENUE FUND For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other	\$ -	\$ 3,477	\$ 3,477	\$ -
Motor fuel tax	418,917	473,762	478,725	4,963
Grants	150,000	-	-	-
Investment income	260	200	195	(5)
Total Revenues	<u>569,177</u>	<u>477,439</u>	<u>482,397</u>	<u>4,958</u>
EXPENDITURES				
PUBLIC WORKS				
Public Works				
Ice control maintenance	76,505	76,505	33,893	42,612
Miscellaneous	850	7,385	47,609	(40,224)
Grants	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public works	<u>227,355</u>	<u>83,890</u>	<u>81,502</u>	<u>2,388</u>
Capital Outlay				
Capital outlay	<u>21,900</u>	<u>21,900</u>	<u>-</u>	<u>21,900</u>
Total capital outlay	<u>21,900</u>	<u>21,900</u>	<u>-</u>	<u>21,900</u>
DEBT SERVICE				
Debt Service				
Principal	485,000	485,000	485,000	-
Interest	<u>21,825</u>	<u>21,825</u>	<u>21,825</u>	<u>-</u>
Total debt service	<u>506,825</u>	<u>506,825</u>	<u>506,825</u>	<u>-</u>
Total Expenditures	<u>756,080</u>	<u>612,615</u>	<u>588,327</u>	<u>24,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,903)</u>	<u>(135,176)</u>	<u>(105,930)</u>	<u>29,246</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	258,100	129,050	129,050	-
Transfers out	<u>(75,000)</u>	<u>(114,900)</u>	<u>(130,679)</u>	<u>(15,779)</u>
Total Other Financing Sources (Uses)	<u>183,100</u>	<u>14,150</u>	<u>(1,629)</u>	<u>(15,779)</u>
Net Change in Fund Balance	<u>\$ (3,803)</u>	<u>\$ (121,026)</u>	<u>(107,559)</u>	<u>\$ 13,467</u>
FUND BALANCE - Beginning of Year			<u>315,529</u>	
FUND BALANCE - END OF YEAR			<u>\$ 207,970</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - CONVENTION AND VISITORS' BUREAU - NONMAJOR
 SPECIAL REVENUE FUND
 For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Hotel	\$ 482,000	\$ 600,000	\$ 543,052	\$ (56,948)
Intergovernmental	130,000	157,039	196,883	39,844
Investment income	2,260	756	945	189
Miscellaneous	<u>5,100</u>	<u>7,000</u>	<u>3,204</u>	<u>(3,796)</u>
Total Revenues	<u>619,360</u>	<u>764,795</u>	<u>744,084</u>	<u>(20,711)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Salaries	176,120	118,086	131,497	(13,411)
Insurance benefits	49,500	48,413	38,170	10,243
Pension benefits	41,618	27,569	28,998	(1,429)
Professional services	10,450	32,450	51,752	(19,302)
Communications	6,000	3,000	1,753	1,247
Professional development	43,725	36,225	25,244	10,981
Service charges and fees	6,300	6,300	3,417	2,883
Other contractual services	29,452	29,452	29,221	231
Maintenance supplies	500	500	219	281
General supplies	5,000	1,000	232	768
Printed materials	82,835	168,195	145,779	22,416
Non-printed materials	2,000	2,000	1,412	588
Other expenditures	<u>-</u>	<u>-</u>	<u>3,193</u>	<u>(3,193)</u>
Total General Government	<u>453,500</u>	<u>473,190</u>	<u>460,887</u>	<u>12,303</u>
CAPITAL OUTLAY				
Capital outlay	<u>1,800</u>	<u>1,800</u>	<u>1,410</u>	<u>390</u>
Total Expenditures	<u>455,300</u>	<u>474,990</u>	<u>462,297</u>	<u>12,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>164,060</u>	<u>289,805</u>	<u>281,787</u>	<u>(8,018)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(134,960)</u>	<u>(168,000)</u>	<u>(54,305)</u>	<u>113,695</u>
Total Other Financing Sources (Uses)	<u>(134,960)</u>	<u>(168,000)</u>	<u>(54,305)</u>	<u>113,695</u>
Net Change in Fund Balance	<u>\$ 29,100</u>	<u>\$ 121,805</u>	227,482	<u>\$ 105,677</u>
FUND BALANCE - Beginning of Year			<u>1,789,475</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,016,957</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEA SEIZURE - NONMAJOR SPECIAL REVENUE FUND For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 175,000	\$ 132,295	\$ (42,705)
Investment income	425	200	185	(15)
Total Revenues	<u>425</u>	<u>175,200</u>	<u>132,480</u>	<u>(42,720)</u>
EXPENDITURES				
PUBLIC SAFETY				
Salaries	-	49,823	50,921	(1,098)
Pension benefits	-	722	802	(80)
Maintenance services	-	-	6,236	(6,236)
Professional services	5,000	5,000	5,116	(116)
Professional development	2,850	3,250	2,441	809
Other contractual services	16,668	25,420	25,420	-
General supplies	-	-	14,025	(14,025)
Total Public safety	<u>24,518</u>	<u>84,215</u>	<u>104,961</u>	<u>(20,746)</u>
CAPITAL OUTLAY				
Capital outlay	158,400	226,000	247,598	(21,598)
Total Expenditures	<u>182,918</u>	<u>310,215</u>	<u>352,559</u>	<u>(42,344)</u>
Net Change In Fund Balance	<u><u>\$ (182,493)</u></u>	<u><u>\$ (135,015)</u></u>	(220,079)	<u><u>\$ (85,064)</u></u>
FUND BALANCE - Beginning of Year			<u>482,826</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 262,747</u></u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SWANCC - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for service	\$ 584,000	\$ 564,000	\$ 563,178	\$ (822)
Investment income	<u>280</u>	<u>121</u>	<u>136</u>	<u>15</u>
Total Revenues	<u>584,280</u>	<u>564,121</u>	<u>563,314</u>	<u>(807)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Service charges and fees	<u>342,955</u>	<u>396,000</u>	<u>395,998</u>	<u>2</u>
CAPITAL OUTLAY				
Capital outlay	<u>-</u>	<u>-</u>	<u>6,845</u>	<u>(6,845)</u>
Total Expenditures	<u>342,955</u>	<u>396,000</u>	<u>402,843</u>	<u>(6,843)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>241,325</u>	<u>168,121</u>	<u>160,471</u>	<u>(7,650)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(29,300)</u>	<u>(162,872)</u>	<u>(133,572)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,300)</u>	<u>(162,872)</u>	<u>(133,572)</u>
Net Change in Fund Balance	<u>\$ 241,325</u>	<u>\$ 138,821</u>	<u>(2,401)</u>	<u>\$ (141,222)</u>
FUND BALANCE - Beginning of Year			<u>260,814</u>	
FUND BALANCE - END OF YEAR			<u>\$ 258,413</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #1 - NONMAJOR SPECIAL REVENUE FUND

For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 21,089	\$ 21,089	\$ 22,114	\$ 1,025
Investment income	140	60	65	5
Total Revenues	<u>21,229</u>	<u>21,149</u>	<u>22,179</u>	<u>1,030</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	11,118	11,118	11,758	(640)
Other contractual services	3,607	1,107	361	746
Maintenance services	3,000	-	-	-
General supplies	1,000	-	-	-
Total Public works	<u>18,725</u>	<u>12,225</u>	<u>12,119</u>	<u>106</u>
Total Expenditures	<u>18,725</u>	<u>12,225</u>	<u>12,119</u>	<u>106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,504</u>	<u>8,924</u>	<u>10,060</u>	<u>1,136</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,953)</u>	<u>(29,500)</u>	<u>(185,201)</u>	<u>(155,701)</u>
Total Other Financing Sources (Uses)	<u>(5,953)</u>	<u>(29,500)</u>	<u>(185,201)</u>	<u>(155,701)</u>
Net Change in Fund Balance	<u>\$ (3,449)</u>	<u>\$ (20,576)</u>	<u>(175,141)</u>	<u>\$ (154,565)</u>
FUND BALANCE - Beginning of Year			<u>108,263</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (66,878)</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #2 - NONMAJOR SPECIAL REVENUE FUND

For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 16,435	\$ 16,435	\$ 15,135	\$ (1,300)
Investment income	245	100	109	9
Total Revenues	<u>16,680</u>	<u>16,535</u>	<u>15,244</u>	<u>(1,291)</u>
EXPENDITURES				
PUBLIC WORKS				
Maintenance services	3,000	-	-	-
Professional services	6,998	6,998	7,976	(978)
Other contractual services	3,340	840	274	566
General supplies	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public works	<u>14,338</u>	<u>7,838</u>	<u>8,250</u>	<u>(412)</u>
Total Expenditures	<u>14,338</u>	<u>7,838</u>	<u>8,250</u>	<u>(412)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,342</u>	<u>8,697</u>	<u>6,994</u>	<u>(1,703)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,630)</u>	<u>(27,500)</u>	<u>(179,680)</u>	<u>(152,180)</u>
Total Other Financing Sources (Uses)	<u>(4,630)</u>	<u>(27,500)</u>	<u>(179,680)</u>	<u>(152,180)</u>
Net Change In Fund Balance	<u>\$ (2,288)</u>	<u>\$ (18,803)</u>	<u>(172,686)</u>	<u>\$ (153,883)</u>
FUND BALANCE - Beginning of Year			<u>184,451</u>	
FUND BALANCE - END OF YEAR			<u>\$ 11,765</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #3 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 61,824	\$ 61,824	\$ 62,088	\$ 264
Investment income	490	220	261	41
Total Revenues	<u>62,314</u>	<u>62,044</u>	<u>62,349</u>	<u>305</u>
EXPENDITURES				
PUBLIC WORKS				
Maintenance services	3,000	-	-	-
Professional services	31,190	31,190	32,162	(972)
Other contractual services	8,206	3,206	1,046	2,160
General supplies	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Works	<u>43,396</u>	<u>34,396</u>	<u>33,208</u>	<u>1,188</u>
Total Expenditures	<u>43,396</u>	<u>34,396</u>	<u>33,208</u>	<u>1,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,918</u>	<u>27,648</u>	<u>29,141</u>	<u>1,493</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(17,446)</u>	<u>(39,900)</u>	<u>(171,540)</u>	<u>(131,640)</u>
Total Other Financing Sources (Uses)	<u>(17,446)</u>	<u>(39,900)</u>	<u>(171,540)</u>	<u>(131,640)</u>
Net Change in Fund Balance	<u>\$ 1,472</u>	<u>\$ (12,252)</u>	<u>(142,399)</u>	<u>\$ (130,147)</u>
FUND BALANCE - Beginning of Year			<u>627,736</u>	
FUND BALANCE - END OF YEAR			<u>\$ 485,337</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #4 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 17,902	\$ 17,902	\$ 17,308	\$ (594)
Investment income	98	50	55	5
Total Revenues	18,000	17,952	17,363	(589)
EXPENDITURES				
PUBLIC WORKS				
Maintenance services	3,000	-	-	-
Professional services	8,930	8,930	5,079	3,851
Other contractual services	3,454	954	311	643
General supplies	1,000	-	-	-
Total Public Works	16,384	9,884	5,390	4,494
Total Expenditures	16,384	9,884	5,390	4,494
Excess (deficiency) of revenues over (under) expenditures	1,616	8,068	11,973	3,905
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,044)	(26,100)	(183,571)	(157,471)
Total Other Financing Sources (Uses)	(5,044)	(26,100)	(183,571)	(157,471)
Net Change in Fund Balance	\$ (3,428)	\$ (18,032)	(171,598)	\$ (153,566)
FUND BALANCE - Beginning of Year			208,734	
FUND BALANCE - END OF YEAR			\$ 37,136	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #5 - NONMAJOR SPECIAL REVENUE FUND

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 75,705	\$ 75,705	\$ 65,009	\$ (10,696)
Investment income	350	140	153	13
Total Revenues	<u>76,055</u>	<u>75,845</u>	<u>65,162</u>	<u>(10,683)</u>
EXPENDITURES				
PUBLIC WORKS				
Maintenance services	5,880	5,880	1,797	4,083
Professional services	31,850	31,850	3,386	28,464
Other contractual services	1,526	1,526	498	1,028
General supplies	800	-	-	-
Total Public Works	<u>40,056</u>	<u>39,256</u>	<u>5,681</u>	<u>33,575</u>
CAPITAL OUTLAY				
Capital outlay	-	10,565	10,565	-
Total Expenditures	<u>40,056</u>	<u>49,821</u>	<u>16,246</u>	<u>33,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,999</u>	<u>26,024</u>	<u>48,916</u>	<u>22,892</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,268)	(48,000)	(217,306)	(169,306)
Total Other Financing Sources (Uses)	<u>(8,268)</u>	<u>(48,000)</u>	<u>(217,306)</u>	<u>(169,306)</u>
Net Change in Fund Balance	<u>\$ 27,731</u>	<u>\$ (21,976)</u>	(168,390)	<u>\$ (146,414)</u>
FUND BALANCE - Beginning of Year			<u>587,845</u>	
FUND BALANCE - END OF YEAR			<u>\$ 419,455</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #6 DEBT - NONMAJOR DEBT
 SERVICE FUND
 For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 241,514	\$ 241,514	\$ 250,206	\$ 8,692
Investment income	70	50	60	10
Total Revenues	<u>241,584</u>	<u>241,564</u>	<u>250,266</u>	<u>8,702</u>
EXPENDITURES				
DEBT SERVICE				
Principal	90,000	90,000	90,000	-
Interest	<u>147,888</u>	<u>147,888</u>	<u>147,038</u>	<u>850</u>
Total Expenditures	<u>237,888</u>	<u>237,888</u>	<u>237,038</u>	<u>850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,696</u>	<u>3,676</u>	<u>13,228</u>	<u>9,552</u>
Net Change in Fund Balance	<u>\$ 3,696</u>	<u>\$ 3,676</u>	13,228	<u>\$ 9,552</u>
FUND BALANCE - Beginning of Year			<u>145,206</u>	
FUND BALANCE - END OF YEAR			<u>\$ 158,434</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - RECONSTRUCTION - NONMAJOR CAPITAL PROJECTS FUND

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Insurance reimbursements	\$ 881,939	\$ -	\$ -	\$ -
Total Revenues	881,939	-	-	-
EXPENDITURES				
GENERAL GOVERNMENT				
General government	44,097	-	-	-
Total Expenditures	44,097	-	-	-
Excess (deficiency) of revenues over (under) expenditures	837,842	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(401)	(401)
Total Other Financing Sources (Uses)	-	-	(401)	(401)
Net Change in Fund Balance	\$ 837,842	-	(401)	\$ (401)
FUND BALANCE - Beginning of Year			401	
FUND BALANCE - END OF YEAR			\$ -	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #6 CONSTRUCTION - NONMAJOR
 CAPITAL PROJECTS FUND
 For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 406	\$ 170	\$ 194	\$ 24
Miscellaneous	-	-	37,193	37,193
Total Revenues	<u>406</u>	<u>170</u>	<u>37,387</u>	<u>37,217</u>
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>406</u>	<u>170</u>	<u>37,387</u>	<u>37,217</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(44,500)	(124,572)	(80,072)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(44,500)</u>	<u>(124,572)</u>	<u>(80,072)</u>
Net Change In Fund Balance	<u>\$ 406</u>	<u>\$ (44,330)</u>	(87,185)	<u>\$ (42,855)</u>
FUND BALANCE - Beginning of Year			<u>293,750</u>	
FUND BALANCE - END OF YEAR			<u>\$ 206,565</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - PALATINE/MILWAUKEE TIF - MAJOR DEBT SERVICE FUND
For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,197,214	\$ 1,197,214	\$ 1,043,719	\$ (153,495)
Investment income	1,260	600	698	98
Total Revenues	<u>1,198,474</u>	<u>1,197,814</u>	<u>1,044,417</u>	<u>(153,397)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	215,825	215,825	108,725	107,100
Service charges and fees	850	850	850	-
Other contractual services	40,662	40,662	12,449	28,213
General supplies	-	-	110	(110)
Total General Government	<u>257,337</u>	<u>257,337</u>	<u>122,134</u>	<u>135,203</u>
DEBT SERVICE				
Principal	810,000	310,000	310,000	-
Interest	127,825	127,825	127,825	-
Total debt service	<u>937,825</u>	<u>437,825</u>	<u>437,825</u>	<u>-</u>
Total Expenditures	<u>1,195,162</u>	<u>695,162</u>	<u>559,959</u>	<u>135,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,312</u>	<u>502,652</u>	<u>484,458</u>	<u>(18,194)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,132)	(83,100)	(68,838)	14,262
Total Other Financing Sources (Uses)	<u>(55,132)</u>	<u>(83,100)</u>	<u>(68,838)</u>	<u>14,262</u>
Net Change in Fund Balance	<u>\$ (51,820)</u>	<u>\$ 419,552</u>	415,620	<u>\$ (3,932)</u>
FUND BALANCE - Beginning of Year			<u>1,602,433</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,018,053</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ROAD CONSTRUCTION - MAJOR CAPITAL PROJECTS FUND

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ 850	\$ 1,709	\$ 859
Total Revenues	-	850	1,709	859
EXPENDITURES				
CAPITAL OUTLAY				
Capital outlay	-	4,801,653	4,321,393	480,260
DEBT SERVICE				
Interest	-	155,910	145,538	10,372
Total Expenditures	-	4,957,563	4,466,931	490,632
Excess (deficiency) of revenues over (under) expenditures	-	(4,956,713)	(4,465,222)	491,491
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	10,000,000	10,000,000	-
Premium on general obligation debt issued	-	134,241	134,241	-
Transfers out	-	(189,100)	(215,705)	(26,605)
Total Other Financing Sources (Uses)	-	9,945,141	9,918,536	(26,605)
Net Change in Fund Balance	\$ -	\$ 4,988,428	5,453,314	\$ 464,886
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			\$ 5,453,314	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEVELOPMENT - MAJOR CAPITAL PROJECTS FUND For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 245	\$ 41	\$ 338	\$ 297
Miscellaneous	-	<u>50,000</u>	<u>50,000</u>	-
Total Revenues	<u>245</u>	<u>50,041</u>	<u>50,338</u>	<u>297</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	<u>16,700</u>	<u>26,200</u>	<u>17,706</u>	<u>8,494</u>
Total General government	<u>16,700</u>	<u>26,200</u>	<u>17,706</u>	<u>8,494</u>
DEBT SERVICE				
Principal	4,560,305	4,560,305	4,560,305	-
Interest	<u>781,695</u>	<u>868,930</u>	<u>845,521</u>	<u>23,409</u>
Total Debt Service	<u>5,342,000</u>	<u>5,429,235</u>	<u>5,405,826</u>	<u>23,409</u>
Total Expenditures	<u>5,358,700</u>	<u>5,455,435</u>	<u>5,423,532</u>	<u>31,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,358,455)</u>	<u>(5,405,394)</u>	<u>(5,373,194)</u>	<u>32,200</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	5,430,000	5,430,000	-
Discount on refunding debt issued	-	-	<u>(22,697)</u>	<u>(22,697)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,430,000</u>	<u>5,407,303</u>	<u>(22,697)</u>
Net Change in Fund Balance	<u>\$ (5,358,455)</u>	<u>\$ 24,606</u>	34,109	<u>\$ 9,503</u>
FUND BALANCE - Beginning of Year			<u>3,448,729</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,482,838</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SALES TAX NON-HOME RULE - MAJOR CAPITAL PROJECTS FUND

For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales	\$ 258,000	\$ 279,000	\$ 270,217	\$ (8,783)
Investment income	<u>100</u>	<u>100</u>	<u>62</u>	<u>(38)</u>
Total Revenues	<u>258,100</u>	<u>279,100</u>	<u>270,279</u>	<u>(8,821)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>258,100</u>	<u>279,100</u>	<u>270,279</u>	<u>(8,821)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(258,100)</u>	<u>(129,050)</u>	<u>(129,050)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(258,100)</u>	<u>(129,050)</u>	<u>(129,050)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 150,050</u>	141,229	<u>\$ (8,821)</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(425,709)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (284,480)</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL

WATER - MAJOR ENTERPRISE FUND

For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for service	\$ 714,248	\$ 714,248	\$ 710,576	\$ (3,672)
Total Operating Revenues	<u>714,248</u>	<u>714,248</u>	<u>710,576</u>	<u>(3,672)</u>
OPERATING EXPENSES				
Operations and maintenance				
Salaries	63,359	66,500	70,219	(3,719)
Insurance benefits	16,858	17,725	16,549	1,176
Pension benefits	14,972	15,925	15,671	254
Maintenance services	13,750	13,750	9,557	4,193
Professional services	28,040	28,040	31,248	(3,208)
Communications	6,070	6,070	1,481	4,589
Professional development	7,100	7,100	2,804	4,296
Service charges and fees	324,475	324,825	269,986	54,839
Other contractual services	21,581	21,581	6,225	15,356
Maintenance supplies	2,750	2,750	-	2,750
General supplies	7,750	8,550	4,944	3,606
Non-printed materials	1,210	1,210	520	690
Other	<u>22,500</u>	<u>146,305</u>	<u>17,708</u>	<u>128,597</u>
Total operations and maintenance	<u>530,415</u>	<u>660,331</u>	<u>446,912</u>	<u>213,419</u>
Depreciation expense	<u>115,112</u>	<u>115,112</u>	<u>118,890</u>	<u>(3,778)</u>
Total Operating Expenses	<u>645,527</u>	<u>775,443</u>	<u>565,802</u>	<u>209,641</u>
Operating Income	<u>68,721</u>	<u>(61,195)</u>	<u>144,774</u>	<u>205,969</u>
NON-OPERATING REVENUES				
Investment income	-	3,000	3,427	427
Miscellaneous	500	23,955	25,867	1,912
Debt service	<u>(85,814)</u>	<u>(85,814)</u>	<u>(34,372)</u>	<u>51,442</u>
Total Non-Operating Revenues	<u>(85,314)</u>	<u>(58,859)</u>	<u>(5,078)</u>	<u>53,781</u>
Net Income Before Transfers	<u>(16,593)</u>	<u>(120,054)</u>	<u>139,696</u>	<u>259,750</u>

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET AND
ACTUAL
WATER - MAJOR ENTERPRISE FUND
For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TRANSFERS				
Transfers out	<u>(14,664)</u>	<u>(71,900)</u>	<u>(69,663)</u>	<u>2,237</u>
Net Transfers	<u>(14,664)</u>	<u>(71,900)</u>	<u>(69,663)</u>	<u>2,237</u>
Change in net assets	<u>(31,257)</u>	<u>(191,954)</u>	70,033	<u>261,987</u>
NET ASSETS - Beginning of Year			<u>4,827,425</u>	
NET ASSETS - END OF YEAR			<u>\$ 4,897,458</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET AND
ACTUAL
PARKING - MAJOR ENTERPRISE FUND
For the Year Ended April 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for service	\$ 47,775	\$ 58,000	\$ 58,038	\$ 38
Total Operating Revenues	<u>47,775</u>	<u>58,000</u>	<u>58,038</u>	<u>38</u>
OPERATING EXPENSES				
Operations and Maintenance				
Maintenance services	6,435	6,435	-	6,435
Professional services	1,925	1,925	868	1,057
Service charges and fees	11,100	11,100	9,860	1,240
Other contractual services	62,132	25,195	5,249	19,946
Maintenance supplies	450	450	-	450
General supplies	800	800	78	722
Other	-	70	68	2
Total operations and maintenance	<u>82,842</u>	<u>45,975</u>	<u>16,123</u>	<u>29,852</u>
Depreciation expense	<u>32,316</u>	<u>32,316</u>	<u>32,136</u>	<u>180</u>
Total Operating Expenses	<u>115,158</u>	<u>78,291</u>	<u>48,259</u>	<u>30,032</u>
Operating Income	<u>(67,383)</u>	<u>(20,291)</u>	<u>9,779</u>	<u>30,070</u>
NON-OPERATING REVENUES				
Investment income	-	-	69	69
Miscellaneous	<u>150</u>	<u>150</u>	<u>-</u>	<u>(150)</u>
Total Non-Operating Revenues	<u>150</u>	<u>150</u>	<u>69</u>	<u>(81)</u>
Net Income Before Transfers	<u>(67,233)</u>	<u>(20,141)</u>	<u>9,848</u>	<u>29,989</u>

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET AND
ACTUAL
PARKING - MAJOR ENTERPRISE FUND
For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TRANSFERS				
Transfers in	\$ 47,216	\$ -	\$ -	\$ -
Transfers out	<u>(12,299)</u>	<u>(55,400)</u>	<u>(65,032)</u>	<u>(9,632)</u>
Net Transfers	<u>34,917</u>	<u>(55,400)</u>	<u>(65,032)</u>	<u>(9,632)</u>
 Change in net assets	 <u>(32,316)</u>	 <u>(75,541)</u>	 (55,184)	 <u>20,357</u>
 NET ASSETS - Beginning of Year			 <u>497,594</u>	
 NET ASSETS - END OF YEAR			 <u>\$ 442,410</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL POLICE PENSION TRUST FUND For the Year Ended April 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Additions				
Contributions				
Employer	\$ 673,805	\$ 673,805	\$ 514,504	\$ 159,301
Plan members	<u>125,734</u>	<u>139,624</u>	<u>146,174</u>	<u>(6,550)</u>
Total contributions	<u>799,539</u>	<u>813,429</u>	<u>660,678</u>	<u>152,751</u>
Investment Income				
Interest and dividends	168,000	-	196,484	(196,484)
Net appreciation (depreciation) in fair value of investments	<u>-</u>	<u>-</u>	<u>(411,720)</u>	<u>411,720</u>
Total investment income	168,000	-	(215,236)	215,236
Less Investment expense	<u>-</u>	<u>-</u>	<u>15,692</u>	<u>(15,692)</u>
Net investment income	<u>168,000</u>	<u>-</u>	<u>(230,928)</u>	<u>230,928</u>
Total additions	<u>967,539</u>	<u>813,429</u>	<u>429,750</u>	<u>383,679</u>
Deductions				
Professional fees	32,500	32,500	24,758	7,742
State filing fee	2,253	2,253	1,534	719
Disability benefits	105,273	105,273	105,273	-
Pension benefits	<u>58,567</u>	<u>101,794</u>	<u>112,665</u>	<u>(10,871)</u>
Total deductions	<u>198,593</u>	<u>241,820</u>	<u>244,230</u>	<u>(2,410)</u>
Change in net assets	<u>\$ 768,946</u>	<u>\$ 571,609</u>	185,520	<u>\$ 386,089</u>
Net assets, beginning of year			<u>9,113,752</u>	
Net assets, end of year			<u>\$ 9,299,272</u>	

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

PALATINE/MILWAUKEE TIF LOAN SERIES 2004 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2012

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

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
TOTAL	<u>\$ 2,440,000</u>	<u>\$ 436,025</u>	<u>\$ 2,876,025</u>

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2008
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2012

Date of Contract: March 25, 2007
 Date of Maturity: December 15, 2023
 Amount of Contract: \$2,045,000
 Interest Rates: 4.327%
 Interest Dates: June 15 and December 15
 Payable to: Bank of America, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
TOTAL	\$ 1,730,000	\$ 522,918	\$ 2,252,918

CITY OF PROSPECT HEIGHTS

SPECIAL SERVICE AREA #6 BONDS SERIES 2009
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
APRIL 30, 2012

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

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 90,000	\$ 143,088	\$ 233,088
2014	95,000	139,218	234,218
2015	100,000	134,753	234,753
2016	110,000	129,753	239,753
2017	115,000	124,253	239,253
2018	120,000	118,503	238,503
2019	125,000	112,143	237,143
2020	135,000	105,518	240,518
2021	140,000	98,363	238,363
2022	150,000	90,383	240,383
2023	160,000	81,833	241,833
2024	170,000	72,713	242,713
2025	180,000	62,513	242,513
2026	190,000	51,713	241,713
2027	200,000	40,313	240,313
2028	215,000	27,813	242,813
2029	230,000	14,375	244,375
TOTAL	<u>\$ 2,525,000</u>	<u>\$ 1,547,240</u>	<u>\$ 4,072,240</u>

CITY OF PROSPECT HEIGHTS

NOTE PAYABLE - LEVEE WALL SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2012

Date of Contract: February 1, 2010
 Date of Maturity: February 1, 2014
 Amount of Contract: \$282,107
 Interest Rates: N/A
 Principal Payment: December 15
 Payable to: Village of Mount Prospect, Illinois

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 56,421	\$ -	\$ 56,421
2014	56,421	-	56,421
TOTAL	\$ 112,842	\$ -	\$ 112,842

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2010 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2012

Date of Contract: July 1, 2010
 Date of Maturity: December 15, 2024
 Amount of Contract: \$800,000
 Interest Rates: 4.00% to 5.2%
 Interest Dates: June 15 and December 15
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
TOTAL	\$ 765,000	\$ 263,080	\$ 1,028,080

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2011A
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
APRIL 30, 2012

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 175,000	\$ 249,594	\$ 424,594
2014	275,000	166,450	441,450
2015	280,000	159,575	439,575
2016	285,000	152,575	437,575
2017	295,000	145,450	440,450
2018	305,000	138,075	443,075
2019	315,000	128,924	443,924
2020	325,000	119,475	444,475
2021	340,000	108,100	448,100
2022	355,000	96,200	451,200
2023	370,000	82,000	452,000
2024	390,000	67,200	457,200
2025	410,000	51,600	461,600
2026	430,000	35,200	465,200
2027	450,000	18,000	468,000
TOTAL	\$ 5,000,000	\$ 1,718,418	\$ 6,718,418

CITY OF PROSPECT HEIGHTS

TAXABLE REFUNDING DEBT CERTIFICATES SERIES 2011B
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2012

Date of Contract: June 29, 2011
 Date of Maturity: December 15, 2015
 Amount of Contract: \$5,430,000
 Interest Rates: 3.125%
 Interest Dates: June 15 and December 15
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 247,932	\$ 247,932
2014	-	169,688	169,688
2015	-	169,688	169,688
2016	5,430,000	169,688	5,599,688
TOTAL	\$ 5,430,000	\$ 756,995	\$ 6,186,995

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2012
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2012

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ -	\$ -
2014	310,000	190,914	500,914
2015	310,000	100,028	410,028
2016	315,000	93,828	408,828
2017	320,000	87,528	407,528
2018	325,000	81,128	406,128
2019	335,000	74,628	409,628
2020	345,000	67,928	412,928
2021	355,000	61,028	416,028
2022	365,000	53,928	418,928
2023	375,000	46,628	421,628
2024	390,000	39,128	429,128
2025	405,000	30,353	435,353
2026	415,000	20,835	435,835
2027	435,000	10,875	445,875
TOTAL	\$ 5,000,000	\$ 958,752	\$ 5,958,752

City of Prospect Heights

Index for Statistical Section
April 30, 2012

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.

Contents

Page (s)

Financial Trends

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

Schedule of Net Assets - Last Nine Fiscal Years	121
Schedule of Changes in Net Assets - Last Nine Fiscal Years	122-123
Program Revenues by Function/Program - Last Nine Years	124
Fund Balances - Governmental Funds - Last Ten Fiscal Years	125
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	126-127

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years	128
Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years	129
Direct and Overlapping Property Tax Rates - Last Ten Levy Years	130
Principal Property Tax Payers - Current Year and Nine Years Ago	131
Sales Tax by Category - Last Ten Calendar Years	132
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	133
Property Tax Levies and Collections - Last Ten Levy Years	134
Property Tax Levies and Collections by Taxing Area - Last Ten Levy Years	135

(Continued)

City of Prospect Heights

Index for Statistical Section (Continued)

April 30, 2012

<u>Contents</u>	<u>Page (s)</u>
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	136
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	137
Direct and Overlapping Governmental Activities Debt	138
Legal Debt Margin Information - Last Ten Fiscal Years	139
Pledged-Revenue Coverage - Last Eight Fiscal Years	140
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic and Economic Statistics - Last Ten Calendar Years	141
Principal Employers - Current Year and Nine Years Ago	142
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Full-time Equivalent City Government Employees by Function / Program - Last Ten Fiscal Years	143
Operating Indicators by Function / Program - Last Nine Fiscal Years	144-145
Capital Asset Statistics by Function / Program - Last Ten Fiscal Years	146

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.

(Concluded)

City of Prospect Heights

SCHEDULE OF NET ASSETS Last Nine Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 16,599,408
Restricted	527,035	527,036	381,740	10,833,196	4,364,075	6,105,434	6,274,195	6,346,248	5,597,845
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>	<u>(620,976)</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>	<u>\$ 21,576,277</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	\$ 4,009,527
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>	<u>47,992,223</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>	<u>\$ 52,001,750</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	\$ 20,608,935
Restricted	527,035	596,003	450,707	11,462,737	4,476,981	6,419,625	6,274,195	6,346,248	5,597,845
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>	<u>47,371,247</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>	<u>\$ 73,578,027</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

SCHEDULE OF CHANGES IN NET ASSETS
Last Nine Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 2,412,558
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	2,963,020
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	1,945,801
Interest on long-term debt	970,204	297,396	473,215	843,691	309,003	1,402,804	742,318	674,241	895,818
Total governmental activities expenses	9,111,548	8,003,690	8,690,200	10,021,970	9,194,226	13,150,520	10,241,710	9,323,874	8,217,197
Business-type activities:									
Water	374,597	387,331	492,534	353,117	388,808	532,353	510,322	1,287,921	600,174
Parking	86,817	98,270	95,726	92,788	88,190	74,485	75,231	64,618	48,259
Total business-type activities expenses	461,414	485,601	588,260	445,905	476,998	606,838	585,553	1,352,539	648,433
Total City expenses	\$ 9,572,962	\$ 8,489,291	\$ 9,278,460	\$ 10,467,875	\$ 9,671,224	\$ 13,757,358	\$ 10,827,263	\$ 10,676,413	\$ 8,865,630
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	\$ 2,047,787
Public safety	95,190	113,951	103,822	87,915	124,482	330,788	455,974	389,228	301,287
Operating grants and contributions	717,149	621,062	705,677	937,112	693,034	748,505	680,383	988,568	1,175,743
Capital grants and contributions	-	-	-	-	50,000	101,613	18,551	2,373	-
Total governmental activities program revenues	1,489,662	1,458,261	1,539,799	1,976,339	1,833,759	2,657,058	3,039,572	3,288,346	3,524,817
Business-type activities:									
Charges for services - water	376,978	371,773	369,447	434,643	441,032	516,240	588,885	761,883	710,576
Charges for services - parking	38,088	41,481	41,935	44,825	46,272	49,928	42,991	53,375	58,038
Capital grants and contributions	-	-	-	-	-	-	-	955,781	-
Total business-type activities program revenues	415,066	413,254	411,382	479,468	487,304	566,168	631,876	1,771,039	768,614
Total City program revenues	\$ 1,904,728	\$ 1,871,515	\$ 1,951,181	\$ 2,455,807	\$ 2,321,063	\$ 3,223,226	\$ 3,671,448	\$ 5,059,385	\$ 4,293,431

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

SCHEDULE OF CHANGES IN NET ASSETS
Last Nine Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (4,692,380)
Business-type activities	(46,348)	(72,347)	(176,878)	33,563	10,306	(40,670)	46,323	418,500	120,181
Total government net expense	\$ (7,668,234)	\$ (6,617,776)	\$ (7,327,279)	\$ (8,012,068)	\$ (7,350,161)	\$ (10,534,132)	\$ (7,155,815)	\$ (5,617,028)	\$ (4,572,199)
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	\$ 1,773,580
Sales and local use	1,104,976	997,745	1,264,205	1,453,563	1,393,531	1,267,633	1,119,730	1,235,302	1,260,309
Utility	1,432,120	1,529,122	1,710,251	1,768,784	1,671,439	1,481,378	1,289,898	1,214,510	1,228,521
Hotel occupancy tax	524,602	481,920	640,197	722,974	787,654	589,140	474,657	556,317	678,815
Places for eating tax	-	-	-	-	-	3,544	234,626	233,943	247,236
Other	27,459	25,964	29,890	32,561	32,343	38,120	39,904	33,272	13,037
Intergovernmental									
Income Tax	1,192,490	1,246,811	1,177,520	1,423,381	1,609,310	1,504,248	1,317,403	1,321,848	1,377,307
Other	-	1,193	1,009	1,097	2,619	1,773	1,606	2,871	3,504
Investment earnings	48,170	61,782	147,557	374,876	260,192	70,117	10,126	9,660	7,857
Insurance proceeds	-	-	-	1,681,190	190,834	360,224	-	-	524,837
Miscellaneous	768,256	441,659	664,548	395,290	214,394	810,105	839,343	188,606	191,679
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	134,695
Total governmental activities	6,090,057	6,009,733	7,342,423	10,332,327	7,747,084	8,207,899	7,439,907	4,756,538	7,441,377
Business-type activities:									
Investment earnings	2,096	2,793	2,858	10,813	10,678	10,858	4,179	3,126	3,496
Joint venture - airport	688,046	3,016,905	1,833,249	5,227,835	(618,055)	(799,271)	902,590	(266,657)	253,987
Transfers	(17,000)	(11,000)	(58,972)	(59,612)	(68,800)	(43,723)	(11,845)	(11,241)	(134,695)
Miscellaneous	193	1,200	-	449	3,100	115,054	16,236	10,629	25,867
Total business-type activities	673,335	3,009,898	1,777,135	5,179,485	(673,077)	(717,082)	911,160	(264,143)	148,655
Total City	\$ 6,763,392	\$ 9,019,631	\$ 9,119,558	\$ 15,511,812	\$ 7,074,007	\$ 7,490,817	\$ 8,351,067	\$ 4,492,395	\$ 7,590,032
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)	2,748,997
Business-type activities	626,987	2,937,551	1,600,257	5,213,048	(662,771)	1,151,699	957,483	154,357	268,836
Total City	\$ (904,842)	\$ 2,401,855	\$ 11,167,279	\$ 9,214,256	\$ (276,154)	\$ (1,133,864)	\$ 1,195,252	\$ (1,124,633)	\$ 3,017,833

(Concluded)

City of Prospect Heights

PROGRAM REVENUES BY FUNCTION / PROGRAM Last Nine Fiscal Years

Fiscal Year Ended April 30th	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 2,400,820
Public safety	95,190	113,951	103,822	87,915	201,472	464,784	550,209	731,202	498,135
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>	<u>625,862</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>	<u>3,524,817</u>
Business-type activities:									
Water	376,978	371,773	369,447	434,643	441,032	516,240	588,885	1,717,664	710,576
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>	<u>58,038</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>	<u>768,614</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>	<u>\$ 4,293,431</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

FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

Fiscal Year Ended April 30th	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 318,708	\$ 527,035	\$ 527,036	\$ 381,740	\$ 1,806,516	\$ 824,307	\$ 773,642	\$ 757,522	\$ 852,747	\$ -
Unreserved	548,931	126,946	(50,366)	182,535	(328,375)	2,251,267	1,590,502	1,551,060	2,192,883	-
Nonspendable	-	-	-	-	-	-	-	-	-	571,418
Restricted	-	-	-	-	-	-	-	-	-	204,793
Committed	-	-	-	-	-	-	-	-	-	1,598,657
Assigned	-	-	-	-	-	-	-	-	-	160,984
Unassigned	-	-	-	-	-	-	-	-	-	3,660,530
Total General Fund	<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>	<u>6,196,382</u>
All other governmental funds										
Reserved	-	-	-	-	1,344,042	6,248,071	5,961,660	7,954,457	5,933,841	-
Unreserved, reported in:										
Special revenue funds	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	(182,582)	(1,255,970)	(1,257,425)	(1,216,025)	679,693	(458,260)	185,411	261,512	259,171	-
Restricted	-	-	-	-	-	-	-	-	-	11,277,733
Committed	-	-	-	-	-	-	-	-	-	258,413
Assigned	-	-	-	-	-	-	-	-	-	3,482,838
Unassigned	-	-	-	-	-	-	-	-	-	(624,594)
Total all other governmental funds	<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>	<u>14,394,390</u>
Total	<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>	<u>\$ 20,590,772</u>

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

Fiscal Year Ended April 30th	2003	2004	2005	2006
Revenues				
Taxes ⁽¹⁾	\$ 3,624,668	\$ 4,064,141	\$ 4,247,288	\$ 5,292,817
Intergovernmental ⁽²⁾	2,249,585	1,409,201	1,362,778	1,380,002
Licenses	371,376	470,778	479,974	356,564
Fines and forfeits	100,357	95,190	113,951	103,822
Charges for services	423,576	462,433	491,065	575,587
Interest income	85,979	48,170	61,782	147,557
Miscellaneous	672,355	512,368	201,868	447,067
Total revenues	7,527,896	7,062,281	6,958,706	8,303,416
Expenditures				
General government	1,806,929	2,477,203	2,219,392	3,083,155
Public safety	2,949,831	3,595,898	3,557,498	3,767,320
Public works	907,056	902,919	864,583	764,615
Capital outlay	545,375	1,131,176	72,374	53,350
Debt service				
Principal	401,020	4,406,380	288,535	-
Interest	680,127	970,203	297,396	648,215
Debt issuance costs	-	-	-	214,502
Total expenditures	7,290,338	13,483,779	7,299,778	8,531,157
Excess of revenues over (under) expenditures	237,558	(6,421,498)	(341,072)	(227,741)
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	144,454	339,175	465,788	580,775
Transfers out	(144,454)	(322,175)	(454,788)	(521,803)
Total other financing sources (uses)	-	5,242,000	11,000	13,783,282
Special item				
Gain on sale of land	-	-	-	-
Net change in fund balances	\$ 237,558	\$ (1,179,498)	\$ (330,072)	\$ 13,555,541
Debt service as a percentage of noncapital expenditures	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, sales, use, utility, hotel, road and bridge, auto rental, and places for eating tax.

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

2007	2008	2009	2010	2011	2012
6,396,881 \$	5,400,935 \$	5,417,709 \$	5,259,584 \$	5,038,901 \$	5,201,498
1,857,427	1,868,481	1,900,902	1,577,759	1,800,257	2,400,404
507,320	450,572	475,530	877,534	851,454	887,172
87,915	87,720	309,674	432,094	376,583	256,814
443,992	555,188	1,021,736	1,031,010	1,069,368	1,169,635
374,876	260,192	70,117	10,126	9,660	7,857
383,842	214,394	810,105	840,626	183,469	908,119
<u>10,052,253</u>	<u>8,837,482</u>	<u>10,005,773</u>	<u>10,028,733</u>	<u>9,329,692</u>	<u>10,831,499</u>
3,773,146	2,414,024	3,212,292	2,872,824	2,724,788	2,324,123
3,734,543	4,085,050	4,255,123	3,962,324	3,744,385	3,347,253
916,344	1,038,272	1,170,516	723,685	578,591	938,495
2,178,240	3,203,202	2,969,541	844,958	12,428	5,001,238
10,126,082	595,000	7,253,228	1,315,000	1,440,000	5,611,727
843,691	309,003	1,023,517	483,734	450,422	1,367,351
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>	<u>18,590,187</u>
<u>(11,575,392)</u>	<u>(2,849,569)</u>	<u>(10,085,785)</u>	<u>(173,792)</u>	<u>379,078</u>	<u>(7,758,688)</u>
-	-	-	-	1,816,589	-
2,248,786	2,045,000	10,160,305	282,107	-	15,541,544
1,681,190	190,834	360,224	-	-	-
2,935,706	7,107,673	865,872	1,120,214	600,760	2,010,488
<u>(2,876,094)</u>	<u>(7,038,873)</u>	<u>(822,149)</u>	<u>(1,108,369)</u>	<u>(589,519)</u>	<u>(1,875,793)</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>15,676,239</u>
<u>2,620,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,965,229) \$</u>	<u>(544,935) \$</u>	<u>478,467 \$</u>	<u>120,160 \$</u>	<u>(1,426,270) \$</u>	<u>7,917,551</u>
57.2%	10.3%	50.2%	18.2%	21.3%	49.9%

City of Prospect Heights

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
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
2012	1,773,580	1,377,307	990,092	270,217	565,924	662,597	482,202	678,815	247,236	16,514	7,064,484

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

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
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	389,090,836	74,195,260	25,508,165	-	488,794,261	0.054	1,467,850,634
2011 (1)	N/A	N/A	N/A	N/A	440,623,173	0.162	1,323,192,712

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.

City of Prospect Heights

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Levy Years

Name of Taxing Entity/Levy Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OVERLAPPING RATES										
Prospect Heights Public Library District	0.314	0.324	0.369	0.410	0.433	0.340	0.337	0.343	0.387	0.437
Indian Trails Public Library District	0.300	0.340	0.323	0.312	0.320	0.297	0.308	0.307	0.347	0.393
Northbrook Rural Fire Protection District	0.506	0.553	0.579	0.565	0.586	0.503	0.501	0.552	0.632	0.700
Prospect Heights Fire Protection District	0.567	0.819	0.731	0.767	0.795	0.693	0.677	0.652	0.755	0.845
Glenbrook Fire District	0.543	0.567	0.499	0.484	0.530	0.470	0.470	0.522	0.658	0.703
City of Prospect Heights:										
Special Service Area #1	0.327	0.340	0.308	0.291	0.296	0.190	0.187	0.176	0.200	0.199
Special Service Area #2	0.788	0.781	0.688	0.678	0.692	0.233	0.229	0.229	0.262	0.268
Special Service Area #3	0.404	0.408	0.409	0.393	0.397	0.200	0.196	0.188	0.213	0.180
Special Service Area #4	0.237	0.238	0.268	0.245	0.256	0.189	0.208	0.191	0.239	0.256
Special Service Area #5	0.167	0.180	0.155	0.168	0.173	0.163	0.170	0.112	0.137	0.040
Special Service Area #6	-	-	-	-	-	-	0.958	0.906	0.984	1.065
Special Service Area #8	-	-	-	-	-	-	-	-	-	0.278
School District #21 - Wheeling	3.266	3.575	3.262	3.394	3.502	3.154	3.161	3.209	3.658	4.164
School District #23 - Prospect Heights	3.183	3.344	2.987	2.880	2.948	2.418	2.363	2.253	2.571	2.869
School District #25 - Arlington Heights	3.527	3.653	3.156	3.225	3.295	2.890	2.807	2.510	2.813	3.101
School District #26 - River Trails	3.192	3.313	2.948	2.880	3.047	2.698	2.696	2.703	3.131	3.458
School District #31 - West Northfield	1.631	1.811	1.605	1.542	1.624	1.405	1.402	1.494	1.730	2.018

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

Data Source

Cook County Tax Extension Office

City of Prospect Heights

PRINCIPAL PROPERTY TAX PAYERS Current Year and Nine Years Ago

Taxpayer	At Fiscal Year End April 30, 2012			At Fiscal Year End April 30, 2003		
	2010 Taxable Assessed Value	Rank	Percentage of Total City 2011 Taxable Assessed Value	2001 Taxable Assessed Value	Rank	Percentage of Total City 2002 Taxable Assessed Value
Household International Inc.				\$ 10,746,604	1	31.95%
Briarwood Lakes LP	\$ 3,152,490	1	18.42%	5,036,005	2	14.97%
Frank S. Allgauer	2,545,556	2	14.88%	4,625,928	3	13.75%
Prospect Development				3,379,607	4	10.05%
CR Congress LLC	2,303,994	3	13.46%	3,345,659	5	9.95%
Palwaukee Plaza	2,224,989	4	13.00%			
Pabcor				2,099,989	6	6.24%
Bays Northbrook Hosp C	1,528,995	5	8.93%			
Allstate Insurance Company	1,451,836	6	8.48%			
HBE Corporation				1,413,570	7	4.20%
Marriott International				1,097,740	8	3.26%
Voss Bros	1,089,209	8	6.36%	1,007,189	9	2.99%
HCP Inc.	1,159,549	7	6.78%			
Excel Inn Prospect Heights				882,534	10	2.62%
Violet Shim	874,236	9	5.11%			
Signature Flight	781,950	10	4.57%			
Total assessed valuation	\$ 17,112,804		100.00%	\$ 33,634,825		100.00%

Data Source

Cook County Tax Extension Office

City of Prospect Heights

SALES TAX BY CATEGORY

Last Ten Calendar Years ⁽¹⁾

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General merchandise ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	183,856	166,631	115,348	107,807	117,040	130,081	101,964	106,410	121,171	152,351
Drinking and eating places	167,322	192,969	167,553	162,939	179,261	258,559	218,555	166,615	145,295	152,708
Apparel	48,903	42,059	39,136	41,062	33,454	26,387	20,217	10,995	6,661	6,380
Furniture and H.H. and radio	27,322	25,131	23,363	24,486	28,419	28,865	28,000	27,652	28,087	28,024
Lumber, building, hardware ⁽²⁾	-	-	-	-	-	-	6,412	5,158	10,862	10,067
Automobile and filling stations	144,315	144,517	111,810	119,276	131,520	116,800	113,253	86,444	91,788	97,985
Drugs and miscellaneous retail	142,935	161,589	165,487	200,533	203,064	208,103	215,253	176,769	205,095	210,793
Agriculture and all others	203,138	151,182	188,383	200,449	201,553	79,979	86,851	83,280	54,882	51,930
Manufacturers ⁽²⁾	5,965	9,573	9,872	7,411	4,559	4,371	-	-	-	-
Unclassified ⁽²⁾	11,437	15,493	11,249	12,459	13,461	14,408	15,046	14,945	15,816	19,442
TOTAL	\$ 935,193	\$ 909,144	\$ 832,201	\$ 876,422	\$ 912,331	\$ 867,553	\$ 805,551	\$ 678,268	\$ 679,656	\$ 729,680
CITY'S DIRECT SALES TAX RATE	1.00%									
NUMBER OF TAXPAYERS	329	324	329	363	386	375	304	292	276	269

Notes:

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

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

Data Source

Illinois Department of Revenue

City of Prospect Heights

DIRECT AND OVERLAPPING SALES TAX RATES Last Ten Fiscal Years

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
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
2012	1.00	0.50	5.00	1.25	1.00	8.75

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

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Levy Years

Fiscal Year Ended April 30th	Levy Year	Total Tax Levy Extended	Collections received from the Tax Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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	719,063	691,772	96.2	7,650	699,422	97.3
2012	2011 ⁽¹⁾	1,173,647	378,234	32.2	-	378,234	32.2

(1) Levy year 2011 collections reflect first installment only.

City of Prospect Heights

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

Tax levy year	2002	2003	2004	2005	2006	2007	2008	2,009	2,010	2011 (1)
City-wide - Police pension	\$ -	\$ 190,510	\$ 192,520	\$ 201,464	\$ 220,970	\$ 233,078	\$ 248,963	\$ 249,016	\$ 256,134	\$ 138,434
Road Bonds	-	-	-	-	-	-	-	-	-	-
Special services area #1	21,822	22,608	23,372	24,056	24,669	18,639	19,849	20,365	21,277	11,599
Special services area #2	30,350	30,437	33,491	35,318	35,873	14,010	15,259	15,848	16,469	8,824
Special services area #3	73,976	74,123	83,452	85,912	88,365	53,652	58,060	60,599	62,446	33,533
Special services area #4	20,745	20,613	23,569	23,571	17,416	14,209	16,991	17,642	17,808	9,190
Special services area #5	81,102	85,797	82,296	94,463	95,047	101,809	112,492	74,501	78,241	41,673
Special services area #6	-	-	-	-	-	-	243,790	242,092	247,047	134,982
Special services area #8	-	-	-	-	-	-	-	-	-	-
Total collections to date	<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>699,422</u>	<u>378,234</u>
Levy as extended	<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>719,063</u>	<u>1,173,647</u>
Percent collected	99.1%	98.9%	96.7%	97.1%	95.2%	97.0%	98.5%	97.6%	97.3%	32.2%

(1) Levy year 2011 collections reflect first installment only.

Data Source
Cook County Treasurer

City of Prospect Heights

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year Ended April 30 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			
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	2.74	813
2012	17,925,000	2,440,000	-	2,525,000	112,842	765,000	23,767,842	4.90	1,456

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*.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

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

Fiscal Year Ended April 30th	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property ⁽¹⁾	Per Capita ⁽²⁾
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
2012	17,925,000	1.22	1,097.87

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 2010 estimated actual value of taxable property provided for fiscal year 2012. 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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT April 30, 2012

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	\$ <u>5,000,000</u>	100.00 %	\$ <u>5,000,000</u>
Total Direct Debt	<u>5,000,000</u>		<u>5,000,000</u>
Cook County	3,814,460,000	0.29 %	10,941,524
Cook County Forest Preserve	101,935,000	0.29	292,394
Metropolitan Water Reclamation District ⁽³⁾	2,495,259,000	0.29	7,306,988
Indian Trails Public Library District	425,880	5.68	24,190
Arlington Heights Park District ^{(4) (5)}	26,606,199	1.08	287,347
Prospect Heights Park District ⁽⁴⁾	10,039,726	61.12	6,136,281
River Trails Park District ⁽⁴⁾	8,062,520	18.40	1,483,504
Wheeling Park District ⁽⁴⁾	11,390,000	5.20	592,280
School District 21 - Wheeling ⁽⁵⁾	36,606,272	6.16	2,254,946
School District 23 - Prospect Heights	3,345,000	38.20	1,277,790
School District 25 - Arlington Heights	15,860,000	0.29	45,994
School District 26 - River Trails	15,150,000	11.18	1,693,770
School District 31 - West Northfield	2,960,000	3.24	95,904
Township High School District 214 - Arlington Heights	30,020,000	4.49	1,347,898
Township High School District 225 - Northfield ⁽⁵⁾	121,449,613	0.36	437,219
Community College District 512 - Harper ⁽⁴⁾	<u>195,251,472</u>	2.05	<u>4,002,655</u>
Total Overlapping Debt	<u>6,888,820,682</u>		<u>38,220,683</u>
Total Direct and Overlapping Debt	<u>\$ 6,893,820,682</u>		<u>\$ 43,220,683</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 2010 taxable assessed values, the most current information available.

(3) Includes loans payable to the Illinois Environmental Protection Agency

(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) Does not include \$10,625,000 in tax anticipation warrants maturing April 1, 2012

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

City of Prospect Heights

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value ⁽¹⁾	\$ 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	\$ 440,623,173
Debt limit	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	38,003,749
Total net debt applicable to limit	-	-	-	13,724,310	6,003,228	7,643,228	7,995,305	7,450,305	7,685,305	17,925,000
Legal debt margin	<u>\$ 29,117,087</u>	<u>\$ 31,145,195</u>	<u>\$ 30,826,648</u>	<u>\$ 22,229,245</u>	<u>\$ 32,239,873</u>	<u>\$ 30,955,904</u>	<u>\$ 37,635,848</u>	<u>\$ 40,936,983</u>	<u>\$ 40,405,200</u>	<u>\$ 20,078,749</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	38.17%	15.70%	19.80%	17.52%	15.40%	15.98%	47.17%

Legal debt margin calculation for period ending April 30, 2012	
Assessed value - 2010 tax year	\$ 440,623,173
Debt limit (8.625% of assessed value)	<u>38,003,749</u>
Debt applicable to limit: General obligation debt	<u>17,925,000</u>
Legal debt margin	<u>\$ 20,078,749</u>

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, 2011 assessed value provided for fiscal year 2012.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

PLEGGED-REVENUE COVERAGE Last Nine Fiscal Years

Fiscal Year Ended April 30th	Tax Increment Allocation Notes, Series 2004						
	Incremental Property Taxes and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
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	
2012	1,044,418	190,972	853,447	310,000	127,825	1.95	

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita Personal Income	Unemployment Rate (3)
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	482,656,896	29,691	8.4
2011 (2)	16,327	* 484,764,957	29,691	8.9

* The U.S. Census Bureau has not yet released income data from the 2011 Census
amounts are estimated per Census Bureau

Data Sources

(1) U.S. Census Bureau.

(2) U.S. Census Bureau, Per capita money income in past 12 months (2010 dollars) 2006-2010

(3) Illinois Department of Employment Security (IDES)

City of Prospect Heights

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Fiscal Year Ended April 30, 2012					Fiscal Year Ended April 30, 2003				
Employer	Business/Service	Employees	Percent of Total	Rank	Employer	Business/Service	Employees	Percentage of Total	Rank
School District Number 23	Elementary public schools	169 *	18.1 %	1	Household International, Inc. (HQ)	Loans and Credit	1,067	70.3 %	1
Hilton Hotel and Allgauer's Restaurant	Hotel and restaurant	147 *	15.8 %	2	Siemens Hearing Instruments	Orthopedic appliances, hearing aids	119	7.8 %	2
Prospect Heights Park District	Public parks, recreation 15 full-time, 40 part-time, 106 seasonal	161 *	17.3 %	3	Brighton Gardens	Long-Term Care Facilities	98	6.5 %	3
Crowne Plaza	Hotel and restaurant	120 *	12.9 %	4	City of Prospect Heights	Municipal government	75	4.9 %	4
Emeritus Senior Living	Long Term Care Facilities	103 *	11.0 %	5	Prospect Heights Public Library	Public Library	40	2.6 %	5
Tenneco Electric & Technology	Commercial & industrial printing	63 *	6.8 %	6	Banco Popular, Prospect Heights	Commercial Bank	31	2.0 %	6
Prospect Heights Fire Protection Dist.	Fire Protection	54 *	5.8 %	7	Camera Ready Companies	Instant printing	25	1.6 %	7
City of Prospect Heights	Municipal government	43 *	4.6 %	8	Lewis International, Inc.	Retail industrial equipment parts	22	1.5 %	8
Prospect Heights Public Library	Public library	41 *	4.4 %	9	Stevens James Lamont Co.	Color separations	20	1.3 %	9
Walgreens	Pharmacy and retail store	32 *	3.4 %	10	Gray Machinery Co.	Industrial machinery & equipment	20	1.3 %	10
Total		933			Total		1,517		

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

Sources:

Manta.com

City of Prospect Heights

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM LAST TEN FISCAL YEARS

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL GOVERNMENT										
Administration	2.00	3.00	2.86	3.00	3.00	3.00	2.00	2.00	2.00	2.50
Finance	3.50	2.50	2.50	1.00	1.00	1.00	1.00	1.00	1.50	1.50
Building and Zoning	3.00	2.00	1.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Engineering	2.00	1.50	1.00	2.00	1.00	1.00	1.00	1.00	0.50	0.50
PUBLIC SAFETY										
Police Sworn	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	24.00	21.00
Police Civilian	8.00	7.00	9.00	3.00	3.00	3.00	3.00	2.00	2.50	2.00
PUBLIC WORKS										
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0.50	-	1.00
Streets and Sewers	3.00	3.00	2.85	2.90	2.90	2.90	3.00	2.00	2.00	2.00
Forestry	1.00	3.00	2.00	0.50	1.50	1.50	1.00	1.00	-	-
Drainage	2.00	0.50	1.50	1.50	1.50	1.50	2.00	2.00	1.00	1.00
Building Maintenance	0.50	0.50	1.00	-	-	-	-	-	-	-
Vehicle Maintenance	1.00	1.00	1.15	1.10	1.10	1.10	1.00	1.00	1.00	1.00
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Parking	-	-	0.14	-	-	-	-	-	-	-
Special Service Areas #1-#5	-	0.50	1.00	-	-	-	-	-	-	-
CONVENTION & VISITORS BUREAU										
	4.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00	3.00	2.00
Total	58.50	56.00	58.00	50.00	50.00	50.00	49.00	47.00	41.00	38.50

Data Source

City of Prospect Heights Actual Payroll Fiscal Year End

City of Prospect Heights

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police									
Number of calls	12,707	11,862	10,379	12,925	11,354	13,888	8,214	5,847	5,467
Part One Offenses ⁽¹⁾	252	210	219	231	284	202	215	213	206
Part Two Offenses ⁽²⁾	646	598	599	602	620	670	614	469	548
Part One Arrests ⁽¹⁾	56	21	29	17	51	22	31	13	38
Part Two Arrests ⁽²⁾	491	403	393	284	319	289	305	205	280
Auto Accident investigations	626	552	655	491	552	502	535	339	268
Building & Zoning ⁽³⁾									
Building permits issued (residential and commercial)	358	414	364	312	342	406	360	269	294
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	\$14,171,540
Plan reviews ⁽⁴⁾	675	700	680	780	845	948	799	564	625
Building inspections ⁽⁴⁾	1,675	1,700	1,690	1,062	860	1,117	902	774	917
Rental dwelling inspections ⁽⁴⁾	1,000	1,000	1,000	1,047	1,230	1,566	1,615	1,032	1,027
Health inspections ⁽⁴⁾	480	480	480	506	528	534	305	286	349
Engineering									
Right-of-way permits reviewed	79	108	93	95	27	43	47	13	38
Subdivision reviews (number)	1	2	2	3	1	-	-	1	2
Road program/street reconstruction (linear feet)	-	-	2,368	7,076	8,137	-	-	-	45,156
Road program/resurfacing (linear feet)	-	-	-	-	-	-	-	-	17,057
Public works - general									
Streets cold patching (in tons)	32	14	18	37	55	126	70	66	32
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	21.40
Snow plowing/salting (hours)	150	362	276	355	893	1,287	953	1,002	519
Storm sewers repaired & cleaned (linear feet)	-	-	3,905	6,750	3,268	1,146	100	40	31,270
Service requests (residential and intra-city)	N/A	294	216	204	414	622	763	822	2,380
JULIE utility locates	1,785	1,622	2,255	2,076	1,930	2,405	1,990	2,146	2,204
Parkway trees planted	-	-	4	6	3	1	1	-	-

(Continued)

City of Prospect Heights

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	45,079
Main break repairs	1	-	1	1	1	2	1	-	1
Meters replaced	-	-	421	63	3	6	-	2	-
Services initiated	-	-	-	2	2	119	5	8	1

(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

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Patrol units	10	10	10	10	10	10	10	10	14	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	4	4	5	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	2	2	2	2	2	2	2
Street lights (number)	19	19	19	19	19	19	19	19	19	19
Land maintained (acres)	19.72	20.38	20.38	20.38	20.38	18.07	18.07	18.07	18.07	18.07
Water										
Fire hydrants	90	90	90	90	94	94	136	136	146	146
Valves	99	99	99	99	104	104	143	143	153	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.