

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF PROSPECT HEIGHTS, ILLINOIS**
As of and for the Year Ended April 30, 2014

Prepared by:

Finance Department

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS As of and for the Year Ended April 30, 2014

	<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 - 3
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Management's Discussion and Analysis	4 - 16
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18 - 19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20 - 21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23 - 24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28 - 29
Statement of Fiduciary Net Position - Fiduciary Fund	30
Statement of Changes in Fiduciary Net Position - 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, 2014

	<u>Page(s)</u>
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
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
<i>SUPPLEMENTARY INFORMATION</i>	
<i>General Fund</i>	
Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual - General	81 - 82
Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual - General	83 - 84
<i>Governmental Funds</i>	
Combining Balance Sheet - Nonmajor Governmental Funds	85 - 86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	87 - 88
Detailed Schedules of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Budget and Actual	
Motor Fuel Tax - Nonmajor Special Revenue Fund	89
Tourism - Nonmajor Special Revenue Fund	90
DEA Seizure - Nonmajor Special Revenue Fund	91
SWANCC - Nonmajor Special Revenue Fund	92
Special Service Area #1 - Nonmajor Special Revenue Fund	93
Special Service Area #2 - Nonmajor Special Revenue Fund	94
Special Service Area #3 - Nonmajor Special Revenue Fund	95
Special Service Area #4 - Nonmajor Special Revenue Fund	96
Special Service Area #5 - Nonmajor Special Revenue Fund	97
Special Service Area #6 Debt - Nonmajor Debt Service Fund	98
Special Service Area #6 Construction - Nonmajor Capital Projects Fund	99

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS (cont.)
As of and for the Year Ended April 30, 2014

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION (cont.)	
Sales Tax Non-Home Rule - Nonmajor Capital Projects Fund	100
Palatine/Milwaukee TIF - Major Debt Service Fund	101
Road Construction Debt - Major Debt Service Fund	102
Road Construction - Major Capital Projects Fund	103
Development - Major Capital Projects Fund	104
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Water - Major Enterprise Fund	105 - 106
Parking - Major Enterprise Fund	107
Schedule of Revenues, Expenses, and Changes in Fiduciary Net Position - Budget and Actual	
Police - Pension Trust Fund	108
Palatine/Milwaukee TIF Loan of 2004	109
General Obligation Debt Certificates Series 2008	110
Special Service Area # 6 Bonds Series 2009	111
General Obligation Debt Certificates Series 2010	112
General Obligation Debt Certificates Series 2011A	113
Taxable Refunding Debt Certificates Series 2011B	114
General Obligation Debt Certificates Series 2012	115
General Obligation Debt Certificates Series 2013	116
STATISTICAL SECTION	
Schedule of Net Position - Last Ten Fiscal Years	117
Schedule of Changes in Net Position - Last Ten Fiscal Years	118 - 119
Program Revenues by Function/Program - Last Ten Fiscal Years	120
Fund Balances - Governmental Funds - Last Ten Fiscal Years	121
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	122 - 123
Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years	124
Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years	125
Direct and Overlapping Property Tax Rates - Last Ten Levy Years	126 - 127
Principal Property Tax Payers - Current Year and Nine Years Ago	128
Sales Tax by Category - Last Ten Calendar Years	129

CITY OF PROSPECT HEIGHTS

TABLE OF CONTENTS (cont.)
As of and for the Year Ended April 30, 2014

	<u>Page(s)</u>
STATISTICAL SECTION (cont.)	
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	130
Property Tax Levies and Collections - Last Ten Tax Levy Years	131
Property Tax Levies and Collections by Taxing Area - Last Ten Tax Levy Years	132
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	133
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	134
Direct and Overlapping Governmental Activities Debt	135
Legal Debt Margin Information - Last Ten Fiscal Years	136
Pledged Revenue Coverage - Last Ten Fiscal Years	137
Demographic and Economic Statistics - Last Ten Calendar Years	138
Principal Employers - Current Year and Nine Years Ago	139
Full-time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	140
Operating Indicators by Function/Program - Last Ten Fiscal Years	141 - 142
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	143



December 9, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the City of Prospect Heights (City) for the year ended April 30, 2014 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, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended April 30, 2014 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, 2013 were \$753,394 compared to \$711,434 for the previous year, an increase of 5.9%. Since the City's portion of sales tax receipts is based on a 1% tax rate, these receipts represent total retail sales of approximately \$75.33 million for 2013. After last calendar year's decline, sales tax receipts appear to be increasing. During the 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 efforts have proved to be beneficial.

The City of Prospect Heights' average unemployment rate for calendar year 2013 was 7.7%, which was 13.49% lower than the 8.9% average rate for the state. The City of Prospect Heights had a median family income of \$61,500, as of the 2008 -2012 Census, which was 8.2% higher than the State of Illinois average and 15.9% greater than the national average.

For fiscal year 2014, the City issued 350 construction permits (residential and commercial) valued at \$6.8 million, as compared to 351 permits the previous year with a value of \$11.6 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, Players OTB expansion and a potential assisted living facility, which will provide a one-time increase in permit fees and additional growth in sales tax revenue.

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

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, and researched and compiled a database of revenue streams available to or in use by non-home rule municipalities in Illinois. On the expense side, personnel costs represent the single largest operating expense. In FY2014, the City added one new police officer. The City continues to utilize outside contractors for engineering and inspection services.

The last component of the plan is to develop a capital asset and infrastructure replacement program. The City recognizes the importance of this plan, especially the need to replace its deteriorating streets. In 2008, the City did complete an assessment of its streets, their condition, and projected replacement cost. On November 2, 2010, the City Council asked for and received approval from the voters to issue \$15 million in general obligation bonds to provide funding to reconstruct its streets; as well as, complete other capital and infrastructure improvements. Phase I of the project was completed in FY2012, Phase II was completed in FY2013, and Phase III was completed in FY2014.

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 2014, the City's resources were focused on these major priorities, with specific accomplishments:

- 1) Maintaining operational efficiency and current service levels
 - a) Updated the City website to effectively communicate with our residents, organize the information in a systematic, user-friendly and more professional format, improve site-map and navigation and make the website more attractive.

- b) Utilized a Water Rate Study by Baxter Woodman to provide the City guidance as to determining rates which best support the current expenditures and capital reserve requirements.
 - c) Obtained Tree City USA designation for the 16th consecutive year and the Tree City USA Growth Award for the 15th consecutive year.
 - d) Completed negotiations with Union Local 150 and the Metropolitan Police Alliance (MAP) to provide pay raises.
 - e) Negotiated a new agreement with Wheeling for cost sharing of sales tax revenues.
 - f) Restored fully staffed Police Department.
 - g) Hired a new Police Officer, Administrative Assistant, and Building and Zoning Administrator.
 - h) Continued the Citizen's Police Academy (CPA) program where citizens can volunteer and receive training to work at the front desk of the Police Department.
 - i) Added modules to the accounting software allowing the City to automate its cash receipting procedures, water billing, journal entries, reporting and thus improving internal controls.
 - j) Upgraded our water billing system by utilizing postcards and a bar scanning system providing the City with postage, employee time and supply savings.
 - k) Encouraged on-line payments through Payment Service Network, Inc. which now allows the City to accept payments for water bills, vehicle stickers, ordinance violations, parking fines, pet licenses, red light violations, rental inspections, amusement tax, hotel taxes and places for eating tax.
 - l) Maintained 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.
 - m) The first Emergency Operations Plan (EOP) for the City is under review by Cook County and is to be approved by 2015.
 - n) Updated the City's Snow Operations and Emergency plans, provided training and upgrading of vehicles for winter which proved beneficial during one of the roughest winters.
 - o) Awarded a DECO Lighting Grant which paid for conversion, replacement, and installation of upgraded LED based light.
- 2) Capital and infrastructure improvements
- a) Acquired two new police cars upgrading existing inventory.
 - b) Added new security cameras for one for the Metra station and five for the east side of City to monitor activity. The City received a grant from Commuter Rail Division of the RTA to reimburse the City for the camera.
 - c) Completed work on Phase III of a three phase Road Construction project. The City completed nine miles of repaving and replacing of more than 124 streets.
 - d) Purchased three new dump trucks for street maintenance and snow plowing efforts.
 - e) Continued the upgrading of department computers and software.
 - f) Commissioned an architectural firm to prepare a beautification plan for the tourism district.
 - g) Participated in the Safe Routes to School program and completed work on a Willow Road sidewalk allowing students to walk to school safely.
 - h) Submitted grant applications for the Wheeling Road sidewalk extension from Russet Woods to Schoenbeck Road.

- i) Reviewed flood fighting plans for Levee 37 as requested by the IDNR with Mount Prospect after the DesPlaines River reached record highs.
 - j) Received grant funds of \$325,000 approved in 2008 from the Illinois Department of Commerce and Economic Opportunity and the Governor's Office of Management and Budget for capital road improvements.
 - k) Received confirmation that the Willow Road flood mitigation project will be part of the Phase II Stormwater Management Program of the MWRDGC.
- 3) Promote Commercial and/or Retail Development
- a) Began the process to update the Comprehensive Plan after receiving a CMAP grant to cover the cost. The consulting group selected has a staff that includes planners, engineers, transportation experts and economic and development planners. The new plan based upon community input through public workshops and community meetings will be up for approval in FY2014/15.
 - b) Established a beautification program for the Tourism Zone to enhance the area to encourage and promote hospitality-related businesses and provided additional police protection to the area, thereby increasing hotel and sales tax revenues.
 - c) Opened several new businesses:
 - i) Ultra Foods, a 87,000-square-foot store, anchors the Prospect Crossing shopping center
 - ii) Hardees opened in old Burger King location bringing over 40 new jobs to the area
 - iii) Hot Breads, a unique bakery and cafe, started in Southern India
 - iv) Hawthorne CEA Hanger/Terminal by the Sovereign Group, the City's first FBO at the Chicago Executive Airport
 - v) Village Bank opened a second location in Prospect Heights
 - d) Continued working with owners of local shopping center to bring new businesses/retailers to the vacant storefronts in the shopping center.
- 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) Reviewed all tax levy amounts for Special Service Areas 1 to 5 and 8 and established amounts which were more in-line with expenses and assisted in the payment of amounts owed to the General Fund.
 - c) Continued operating 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) Increased web-based payment options through a new vendor PSN.
 - 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 by conducting mock Council Meetings.
- 5) Improve financial reporting and oversight
- a) Upgraded modules in the accounting system streamlining the accounts receivable, accounts payable, vehicle sticker, water billing, and reporting processes.
 - b) Followed the newly implemented GASB 54 Policy – A Fund Balance Policy intended to provide guidelines to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. Adjustments to fund balance reserve requirements were not required.
 - c) Awarded, for the Fiscal Year 2013 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, 2015 by the City Council and filed with the Cook County Clerk’s office on during the required time period.
 - 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, payroll, water billing and collections, 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, Ballistic Vest Grant, Tobacco Enforcement grant, Illinois Department of Transportation (STEP) grant related to funding expenses related to seatbelt and intoxicated motorist related violations, Transportation Enhancement Grant (ITEP) related to a new 1,622 foot Willow Road sidewalk that will link outlet sidewalks ultimately creating a fluid, connecting sidewalk system, DECO Lighting Grant, Department of Commerce and Economic Opportunity (DCEO) Stimulus Funding for capital projects, Northwest Municipal Conference (NWMC) Surface Transportation Program (STP) grant, and a new “Safe Routes to School” grant of \$200,000 to assist in funding construction of sidewalks to three local area schools.
 - 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 begin May, 2014.
 - d) Utilized the Illinois Metropolitan Investment Fund (IMET) which assisted the City in increasing rates of return on investments by 240%.

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, 2013. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Sincerely,

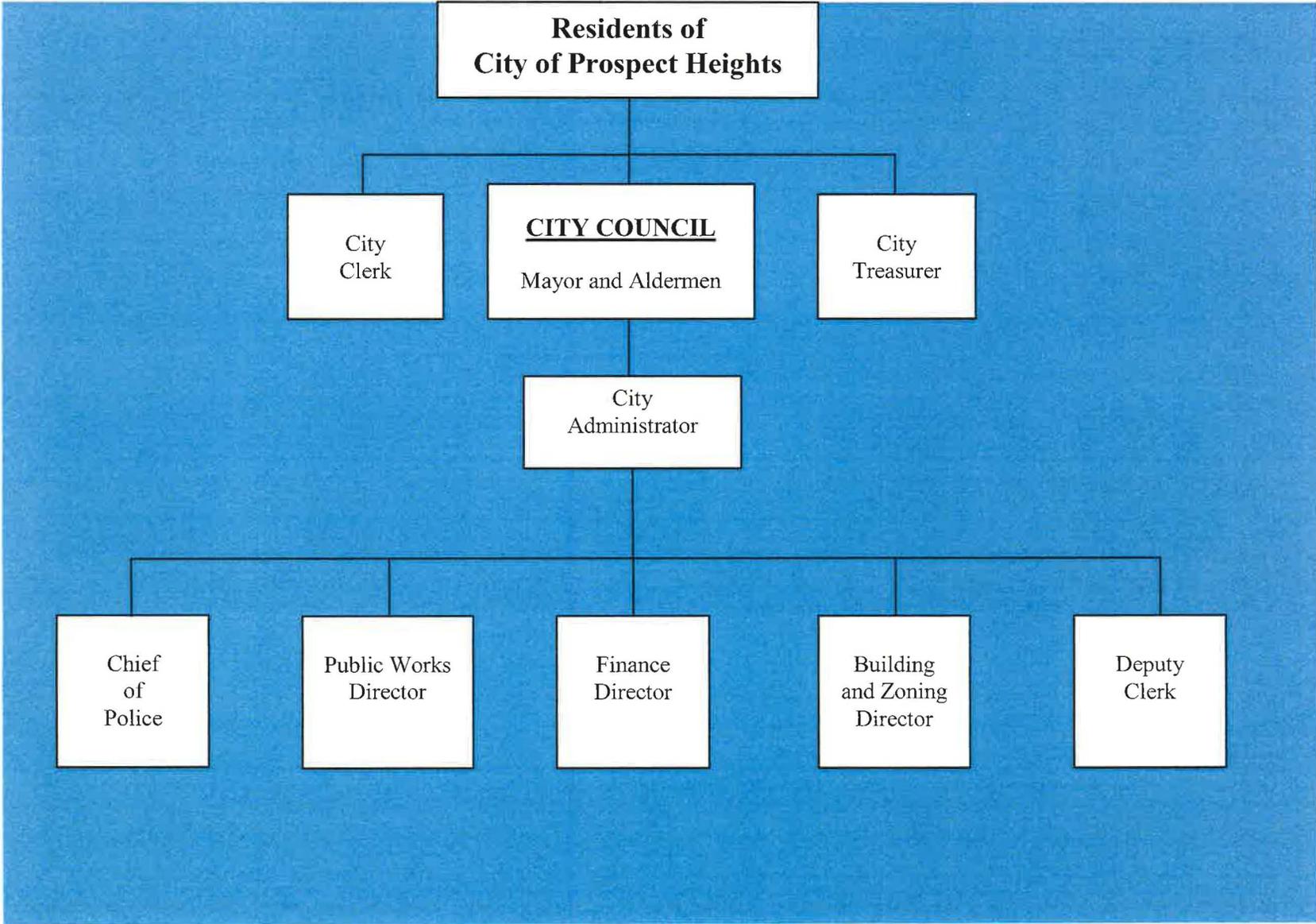


Stephanie Hannon
Finance Director

CITY OF PROSPECT HEIGHTS, ILLINOIS

Organizational Chart

April 30, 2014





Government Finance Officers Association

**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, 2013

Executive Director/CEO

CITY OF PROSPECT HEIGHTS, ILLINOIS

PRINCIPAL OFFICIALS

APRIL 30, 2014

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 Marrin, City Administrator

Chief of Police James Dunne
Building and Zoning Director Stephen Skiber
Finance Director Stephanie Hannon
Public Works Director Steve Cutaia

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prospect Heights, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Prospect Heights' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 89 percent, 90 percent, and 0 percent respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Airport Enterprise Fund, is based solely 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 from material misstatement.

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

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

To the Honorable Mayor and Members of City Council
City of Prospect Heights

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prospect Heights, Illinois, as of April 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Prospect Heights adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective May 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information as listed in the table of contents is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of City Council
City of Prospect Heights

Other Information

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 it.


Oak Brook, Illinois
December 9, 2014

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

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

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

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The City of Prospect Heights' governmental activities include general government, public safety, 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, 2014

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 20 of this report.*

The City of Prospect Heights has 17 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, and Development 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/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the totals for all funds of that category (governmental or enterprise) and at least 5% of the combined totals for governmental and enterprise funds. The remaining eleven 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 85 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 26 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, 2014

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 77 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 Position

The City's net position as of April 30, 2014 was \$77,254,783, which represents an increase of \$2,515,994 as compared to April 30, 2013. The City's net position from governmental activities increased by \$2,960,774 and net position from business-type activities decreased by \$444,780. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2014 compared to April 30, 2013. *More detailed information can be found in the Statement of Net Position on page 17.*

Table 1: Comparative Summary Statements of Net Position as of April 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 23,856,899	\$ 25,012,325	\$ 47,939,381	\$ 48,298,844	\$ 71,796,280	\$ 73,311,169
Capital assets	31,563,755	29,003,443	4,481,254	4,631,223	36,045,009	33,634,666
Total Assets	<u>55,420,654</u>	<u>54,015,768</u>	<u>52,420,635</u>	<u>52,930,067</u>	<u>107,841,289</u>	<u>106,945,835</u>
Deferred outflows of resources						
	114,093	140,421	-	-	114,093	140,421
Liabilities						
Current liabilities	1,171,190	1,449,118	36,493	52,365	1,207,683	1,501,483
Noncurrent liabilities	27,455,619	28,588,413	666,791	715,571	28,122,410	29,303,984
Total Liabilities	<u>28,626,809</u>	<u>30,037,531</u>	<u>703,284</u>	<u>767,936</u>	<u>29,330,093</u>	<u>30,805,467</u>
Deferred inflows of resources						
	1,370,506	1,542,000	-	-	1,370,506	1,542,000
Net Position						
Net investment in capital assets	14,535,816	15,382,392	3,816,254	3,916,223	18,352,070	19,298,615
Restricted net position	4,916,572	4,479,708	-	-	4,916,572	4,479,708
Unrestricted net position	6,085,044	2,714,558	47,901,097	48,245,908	53,986,141	50,960,466
Total Net Position	<u>\$ 25,537,432</u>	<u>\$ 22,576,658</u>	<u>\$ 51,717,351</u>	<u>\$ 52,162,131</u>	<u>\$ 77,254,783</u>	<u>\$ 74,738,789</u>

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

Normal Impacts on Net Position

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

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

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

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

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

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

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

Current Year Impacts on Net Position

Governmental Activities

For fiscal year 2014, governmental activities net position totaled \$25,537,432 reflecting an increase of \$2,960,774 over the prior fiscal year. Governmental activities total assets increased \$1,378,558, and governmental activities total liabilities decreased \$1,582,216.

The \$1,404,886 increase in total assets resulted from a \$1,155,426 decrease in current and other assets and a \$2,560,312 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 \$1,015,019 decrease in cash and investments related to payments for the road program, a \$140,407 decrease in all other current assets, offset by a \$96,212 increase in intergovernmental receivables.

Most of the governmental funds experienced increases in their cash position as a result of budget surpluses. Notable exceptions include the Tourism District, the Development Fund, SSA #3, SSA #6, and the Road Construction Fund, which experienced decreases in their cash position. The General fund, which provides the majority of City services, experienced a \$3,166,826 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 balances in the SSA accounts and to help promote hospitality-related businesses, beautification and additional police protection to the area in the Tourism District. Other decreases in funds were for a bond interest payment in the Development Fund and phase III road program expense in the Road Construction Fund.

The \$1,410,722 decrease in total liabilities resulted from a decreases of \$300,980 in accounts payable due to the completion of the road program which accounted for a majority of the FY2012/13 payables, \$1,132,794 in non-current liabilities, and \$19,431 in other liabilities. These decreases were offset by an increase of \$42,483 in unearned revenue. The \$171,494 decrease in deferred inflows of resources is related to the decrease in assessed valuations related to property taxes.

Business-Type Activities

The business-type activities net position decreased by \$444,780. Business-type activities total assets decreased \$509,432 and total liabilities decreased \$64,652. The decrease in total assets includes a \$149,969 decrease in capital assets and a \$359,463 decrease in current and other assets. The majority of the decrease in current assets occurred in the Airport Fund and reflects airport improvements in progress being completed and categorized as depreciable assets. The decrease in total liabilities includes a \$15,872 decrease in current liabilities and a \$48,780 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, 2014

Changes in Net Position

The City's combined change in net position for FY2014 was an increase of \$2,515,994. Governmental activities saw an increase in net position of \$2,960,774, an increase of \$1,960,393 from fiscal year 2013. Business-type activities saw a decrease in net position of \$444,780, a decrease of \$605,161 from fiscal year 2013. The table below shows the condensed revenues and expenses of the City's activities.

Table 2: Comparative Changes in Net Position as of April 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2012
Revenues						
Program Revenues						
Charges for services	\$ 3,251,150	\$ 2,632,355	\$ 846,037	\$ 851,251	\$ 4,097,187	\$ 3,483,606
Operating and capital grants	1,412,223	800,285	-	288,502	1,412,223	1,088,787
General Revenues						
Property taxes	2,853,719	2,121,669	-	-	2,853,719	2,121,669
All other taxes	5,811,453	5,060,176	-	-	5,811,453	5,060,176
Investment income	30,600	18,295	3,293	3,786	33,893	22,081
Other	63,423	113,280	-	35	63,423	113,315
Total revenues	13,422,568	10,746,060	849,330	1,143,574	14,271,898	11,889,634
Expenses						
General government	3,015,194	2,827,609	-	-	3,015,194	2,827,609
Public safety	4,353,155	4,357,277	-	-	4,353,155	4,357,277
Public works	2,206,406	2,029,365	-	-	2,206,406	2,029,365
Interest	1,097,241	803,325	-	-	1,097,241	803,325
Water	-	-	634,627	650,693	634,627	650,693
Airport	-	-	365,947	-	365,947	-
Parking	-	-	83,334	60,603	83,334	60,603
Total expenses	10,671,996	10,017,576	1,083,908	711,296	11,755,904	10,728,872
Excess of revenues over expenses	2,750,572	728,484	(234,578)	432,278	2,515,994	1,160,762
Transfers	210,202	271,897	(210,202)	(271,897)	-	-
Change in net position	2,960,774	1,000,381	(444,780)	160,381	2,515,994	1,160,762
Net Position - May 1	22,576,658	21,576,277	52,162,131	52,001,750	74,738,789	73,578,027
Net Position - April 30	\$ 25,537,432	\$ 22,576,658	\$ 51,717,351	\$ 52,162,131	\$ 77,254,783	\$ 74,738,789

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

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 73.75% of the City's General Fund operating costs.

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

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

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

Current Year Impacts on Revenues and Expenses

Governmental Activities

Revenues:

For the fiscal year ended April 30, 2014, revenues from governmental activities totaled \$13,422,568, a increase of \$2,676,508 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 2014, these taxes generated a total of \$5,811,453 in revenue for the City, which represented 43% of all governmental activity revenues. For fiscal year 2014, these revenues experienced an overall increase of \$751,277 or 14.85%. Most of these tax revenues appear to have stabilized and are seeing positive growth after three years of steady decline. Revenue increases occurred in sales taxes, uses tax, income tax, places for eating tax, and utility gas tax, road and bridge, rental car tax, amusement tax, gaming tax, and handle tax -OTB with a combined total increase in these revenues of \$1,061,385. 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 has experienced a slow and steady 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 \$2,853,719 and 21.3% of total revenues, property taxes comprise the second largest single source of governmental activity revenue for the City. The total property taxes received included \$2,223,208 of taxes levied by the City and \$630,511 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: \$422,838 in taxes generated by six of the City's special service areas for sanitary system, storm water maintenance, and flood control, \$240,012 in taxes generated for Special Service Area Six debt service payments, and \$309,069 in taxes generated to assist in funding the City's police pension obligation. In fiscal year 2014, property tax revenues increased by \$732,050 mainly due to the additional property tax related to the road bonds.

The City generates program revenues via charges for services and operating and capital grants. For fiscal year 2014, the total combined revenues generated by these sources were \$4,663,373 which accounted for 34.75% of total governmental activity revenue. For fiscal year 2014, charges for services generated \$3,251,150 in revenue and represented 24.2% 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, grants for police operations and equipment, and shared revenues from DEA seizures. For fiscal year 2014, revenue derived from operating and capital grants totaled \$1,412,223 and represented 10.5% of total governmental activity revenue. Of this total, the City received \$537,316 from the motor fuel tax allotment, \$78,031 in police operating and equipment grants, \$296,074 in police contributions from DEA-shared revenues, \$325,000 from DECO road grant, \$29,730 DECO lighting grant, and \$146,072 in expenses reimbursed from various sources.

In FY2014, grant revenue and contributions increased \$611,938 which reflects the increase in police fines and collection efforts and the additional Jobs NOW funding in the MFT funds. The remaining governmental

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

activity revenues include investment income and other. For fiscal year 2014, these revenues totaled \$94,023 or 1% of total governmental activities revenues and sale of City property and miscellaneous fees.

Expenses:

For the fiscal year ended April 30, 2014, expenses from governmental activities totaled \$10,671,996, which represents an increase of \$654,420, or 6.5%, 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 2014, expenses for public safety were \$4,353,155 and represented 40.8% of total governmental activity expenses. Public safety expenses increased \$4,122 from the prior year, which reflects the stabilization of the department with any cost of living adjustments being offset by cost reduction initiative.

General government is the second largest category of governmental activity expenses. General government includes expenses for the City Council, City Clerk, administration, legal services, finance, engineering, building and zoning, Tourism Zone, liability insurance, utilities, and the solid waste program. For fiscal year 2014, expenses for general government were \$3,015,194 which represented 28.25% of total governmental activities expenses. General government expenses increased \$187,585 from the prior year, due to \$62,011 in labor attorney expenses related to union contract negotiations, \$15,466 related to special event sponsorship, and \$97,031 related to additional hours by staff and vacation accrual payout resulting from the loss of the City Administrator and Assistant to the City Administrator.

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 2014, expenses for public works totaled \$2,206,406 and represented 20.7% of total governmental activities expenses. The \$177,041 increase in public works expenses from the prior year reflects \$187,124 in overtime due to the severe winter requiring excess public work snowplowing offset by a net reduction of \$10,083 in other expenses.

Business-Type Activities

Revenues:

Total revenues for the City's business-type activities for fiscal year 2014 were \$849,330.

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 2014, \$780,288 of program revenue was generated by the water operations related to charges for services and \$65,749 by the parking operation from charges for services.

Expenses:

Total expenses for the City's business-type activities for fiscal year 2014 were \$1,083,908. Of the total expenses for business-type activities, \$634,627 is attributable to water operations, \$365,947 from Chicago Executive Airport due to a decrease in T-Hangar revenues related to the slow aviation industry recovery and the increase in operating expenses related to snow removal due to the harsh winter, and \$83,334 to parking operations.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2014, the Governmental Funds (as presented beginning on page 20) reported a combined fund balance of \$21,698,315 which is a \$474,185, or 2.1%, decrease from the beginning of the year balance of \$22,172,500. Of the total year-end fund balance, \$1,596,636 is unassigned, indicating availability for continuing City services. Fund balances also include \$1,040,316 non-spendable, \$6,501,698 restricted, \$2,317,644 committed, and \$10,242,021 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 \$3,596,777, or 42%, from the beginning of year balance. The City budgeted for a \$2,266,603 increase in fund balance. The additional \$1,330,174 increase in fund balance reflects \$44,171 savings in expenditures mainly related to the public works department utilizing in-house personnel versus outsourcing professional services and a savings related to the public safety department's workman's compensation insurance premium reduction, \$177,882 in additional transfers for reimbursement of internal services from other funds, as well as, by revenues being higher than budgeted by \$708,192 in all areas (i.e. \$173,366 in taxes, \$100,145 in intergovernmental tax revenues, \$210,798 in licenses and permits, \$122,136 in fines and fees, and \$2,120 in investment income). The \$332,934 in licenses/permits and fines/fees was related to the vehicle sticker enforcement program and the positive economic indicators have resulted in \$273,511 in higher tax collections.

The fund balance of the Palatine/Milwaukee TIF Fund increased \$17,660 over the beginning of the year fund balance. This increase reflects real estate taxes exceeding expenses for the period. The reduction in taxing revenue had a major impact to the fund.

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 balance decreased by \$231,248. The fund does not have a revenue stream; therefore, the fund balance decline is related to an interest payment on the bond (\$169,688) and liability insurance expenses (\$29,813) related to the funds property assets.

The Road Construction Fund decreased by \$4,063,171 due to the expenses related to Phase III Road Construction costs.

The Sales Tax Non-Home Rule Fund balance was incorporated in the General Fund thus eliminating the fund.

The Road Construction Debt fund increased by \$307,078 related to additional real estate taxes being collected for Phase III bonds off set by the first interest and principle payments on the 2012 Road Bond.

Proprietary Funds

At April 30, 2014, the Enterprise Funds' (as presented beginning on page 26) total net position decreased by \$444,780 over the prior year.

The Water Fund reflected a decrease in net position of \$32,653. This decrease was comprised of water related expenses exceeding water fees charged to customers due to water rates not being adjusted in the past three years. The City had a water rate study done by an engineering firm and the rates were adjusted in the FY2014-15 period to better reflect anticipated expenses.

The Airport Fund experienced a \$365,947 decrease in net position for the year, primarily due to an increase in operating expenses related to the snowplowing efforts due to the continuous and large amounts of snow fall offset by an increase in long-term leases and fuel flowage fees.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

The Parking Fund experienced a \$46,180 decrease in net position for the year, primarily due to depreciation expense and cameras being added to the Metra station. Parking revenues have increased by \$10,161 over the prior year due to the implementation of parking payment enforcement program. 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.

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, one budget amendment was approved by the City Council. The last budget amendment was approved on January 27, 2014.

During fiscal year 2014, the City amended its General Fund budget one time. 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 77.*

Table 3: General Fund Budgetary Changes
for Fiscal Year 2014

	Original Budget	Final Budget	Actual
Revenues	\$ 7,150,697	\$ 7,959,503	\$ 8,667,695
Expenditures	7,500,646	7,655,522	7,211,351
Other Financing Sources (Uses)	1,353,000	1,962,622	2,140,433
Change in Fund Balance	\$ 1,003,051	\$ 2,266,603	\$ 3,596,777

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

CAPITAL ASSETS

At the end of FY2014, the City had a combined total of \$36,045,009 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>			
	2014	2013	2014	2013	2014	2013
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	4,089,649	4,071,385	1,029,863	1,076,120	5,119,512	5,147,505
Machinery and equipment	158,649	107,780	34,930	39,920	193,579	147,700
Vehicles	757,325	499,446	40,457	46,237	797,782	545,683
Office furniture and equipment	279,608	331,577	-	-	279,608	331,577
Infrastructure	18,572,187	16,286,918	-	-	18,572,187	16,286,918
Water mains	-	-	3,181,809	3,270,151	3,181,809	3,270,151
Water reservoir	-	-	92,000	96,600	92,000	96,600
Total capital assets	<u>\$ 31,563,755</u>	<u>\$ 29,003,443</u>	<u>\$ 4,481,254</u>	<u>\$ 4,631,223</u>	<u>\$ 36,045,009</u>	<u>\$ 33,634,666</u>

For fiscal year 2014, the City's total capital assets, net of depreciation, increased \$2,410,343. Capital assets of business-type activities decreased \$149,969 due to annual depreciation. Capital assets of government activities increased \$3,366,613 due to completion of Phase III of the Road Program.

Table 5: Change in Capital Assets

	Governmental	Business-type	Total
	<u>Activities</u>		<u>Activities</u>
	2014	2014	2014
Beginning Balance	\$ 29,003,443	\$ 4,631,223	\$ 33,634,666
Additions			
Depreciable	3,961,763	-	3,961,763
Nondepreciable	-	-	-
Retirements			
Depreciable	-	-	-
Nondepreciable	-	-	-
Depreciation	<u>(1,401,451)</u>	<u>(149,969)</u>	<u>(1,551,420)</u>
	<u>\$ 31,563,755</u>	<u>\$ 4,481,254</u>	<u>\$ 36,045,009</u>

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

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

Governmental Activities

Police Department

Seven Security Cameras - \$70,852

Concrete Stairs - \$61,376

Air Conditioners - \$66,516

Remodel Conference Room - \$7,809

Two police vehicles - \$78,820

Public Works

Three new trucks - \$309,778

Phase III of the Road Program - \$3,366,613

Business-Type Activities

No new assets

Debt Outstanding

The City of Prospect Heights governmental activities had total long-term debt of \$27,455,619 as of April 30, 2014. 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, 2014, the City had one tax increment financing (TIF) loan outstanding with a balance of \$1,765,000. 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, 2014, the City has no notes outstanding. 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 was completely paid off on February 1, 2014.

General obligation debt outstanding: At the end of the year, the City had seven general obligation (G.O.) debt issues outstanding with a combined balance of \$21,165,000. 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, 2014, the total debt applicable to this limit was \$21,165,000 well below the \$28,610,074 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 \$2,340,000. 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 \$278,725, which reflected an increase of \$34,568 from the prior year. This increase reflects the expense of hiring additional new personnel and salary increases.

Net pension obligation: As of April 30, 2014, the City's net pension obligation totaled \$1,593,864, which reflected an increase of \$18,703 over the prior year. As of the last valuation date, the Police Pension Fund had a funded ratio of 59.95%. While the City has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 44.49% of the City's FY2014 contribution. The police

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2014

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.*

Other postemployment benefit (OPEB) obligations: As of April 30, 2014, the City's net OPEB obligation totaled \$158,077. 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 vehicle seizure fee; opening of an OTB, allowing video gaming establishments, 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 FY2015 budget adopted on April 28, 2014 reflects no fee increases, revenues continue to be reliant on economically-driven revenue streams to support basic City services, and no significant service modifications are anticipated.

The components 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 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 the project was completed in April, 2012, Phase II was completed in November 2012, and Phase III will be completed in the fall of 2014. The City passed its first five year Capital Improvement Plan in April 2014 to begin the process of setting funds aside for future programs thus eliminating the need for future referendums.

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 Stephanie L Hannon, Finance Director, City of Prospect Heights, 8 North Elmhurst Road, Prospect Heights, Illinois 60070.

CITY OF PROSPECT HEIGHTS

STATEMENT OF NET POSITION As of April 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 17,246,617	\$ 1,729,984	\$ 18,976,601
Receivables (net)			
Property taxes	1,417,500	-	1,417,500
Intergovernmental	969,487	-	969,487
Other taxes	181,808	-	181,808
Accounts	421,925	74,221	496,146
Accrued interest	22	-	22
Prepaid items	108,011	4,268	112,279
Assets held for resale	3,058,000	-	3,058,000
Internal balances - advances	453,529	(453,529)	-
Investment in joint venture - airport	-	46,584,437	46,584,437
Capital assets			
Capital assets not being depreciated	7,706,337	102,195	7,808,532
Capital assets, net of accumulated depreciation	<u>23,857,418</u>	<u>4,379,059</u>	<u>28,236,477</u>
Total Assets	<u>55,420,654</u>	<u>52,420,635</u>	<u>107,841,289</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	<u>114,093</u>	<u>-</u>	<u>114,093</u>
Total Deferred Outflows of Resources	<u>114,093</u>	<u>-</u>	<u>114,093</u>
LIABILITIES			
Accounts payable	461,490	18,416	479,906
Accrued payroll	196,525	3,711	200,236
Accrued interest	383,112	12,566	395,678
Deposits	28,627	1,800	30,427
Unearned revenues	101,436	-	101,436
Noncurrent liabilities			
Due within one year	1,773,725	51,791	1,825,516
Due in more than one year	<u>25,681,894</u>	<u>615,000</u>	<u>26,296,894</u>
Total Liabilities	<u>28,626,809</u>	<u>703,284</u>	<u>29,330,093</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future periods	<u>1,370,506</u>	<u>-</u>	<u>1,370,506</u>
Total Deferred Inflows of Resources	<u>1,370,506</u>	<u>-</u>	<u>1,370,506</u>
NET POSITION			
Net investment in capital assets	14,535,816	3,816,254	18,352,070
Restricted for			
Debt service	2,256,358	-	2,256,358
Public safety	368,843	-	368,843
Special service area improvements	883,844	-	883,844
Tourism	861,750	-	861,750
Streets and highways	545,777	-	545,777
Unrestricted	<u>6,085,044</u>	<u>47,901,097</u>	<u>53,986,141</u>
TOTAL NET POSITION	<u>\$ 25,537,432</u>	<u>\$ 51,717,351</u>	<u>\$ 77,254,783</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 3,015,194	\$ 2,364,357	\$ 146,072	\$ -
Public safety	4,353,155	886,793	403,835	-
Public works	2,206,406	-	537,316	325,000
Interest and fiscal charges	1,097,241	-	-	-
Total Governmental Activities	10,671,996	3,251,150	1,087,223	325,000
Business-type Activities				
Water	634,627	780,288	-	-
Airport	365,947	-	-	-
Parking	83,334	65,749	-	-
Total Business-type Activities	1,083,908	846,037	-	-
Total	\$ 11,755,904	\$ 4,097,187	\$ 1,087,223	\$ 325,000

General Revenues

Taxes

Property

Local sales and use taxes

Utility

Hotel

Other

Intergovernmental

Income tax

State sales tax

Other intergovernmental taxes

Investment income

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (504,765)	\$ -	\$ (504,765)
(3,062,527)	-	(3,062,527)
(1,344,090)	-	(1,344,090)
<u>(1,097,241)</u>	<u>-</u>	<u>(1,097,241)</u>
<u>(6,008,623)</u>	<u>-</u>	<u>(6,008,623)</u>
-	145,661	145,661
-	(365,947)	(365,947)
<u>-</u>	<u>(17,585)</u>	<u>(17,585)</u>
<u>-</u>	<u>(237,871)</u>	<u>(237,871)</u>
<u>(6,008,623)</u>	<u>(237,871)</u>	<u>(6,246,494)</u>
2,853,719	-	2,853,719
568,819	-	568,819
1,135,095	-	1,135,095
757,813	-	757,813
447,018	-	447,018
1,552,422	-	1,552,422
822,982	-	822,982
527,304	-	527,304
30,600	3,293	33,893
63,423	-	63,423
<u>210,202</u>	<u>(210,202)</u>	<u>-</u>
<u>8,969,397</u>	<u>(206,909)</u>	<u>8,762,488</u>
2,960,774	(444,780)	2,515,994
<u>22,576,658</u>	<u>52,162,131</u>	<u>74,738,789</u>
<u>\$ 25,537,432</u>	<u>\$ 51,717,351</u>	<u>\$ 77,254,783</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of April 30, 2014

	<u>General</u>	<u>Special Service Area #8</u>	<u>Palatine/ Milwaukee/ TIF</u>	<u>Road Construction Debt</u>
ASSETS				
Cash and investments	\$ 10,299,695	\$ 191,051	\$ 1,901,846	\$ 537,431
Receivables (net)				
Property taxes	156,511	109,169	178,375	793,453
Intergovernmental	877,704	-	-	-
Other taxes	181,808	-	-	-
Accounts	261,454	-	-	-
Accrued interest	-	4	13	4
Prepaid items	73,782	-	108	-
Assets held for resale	-	-	-	-
Due from other funds	95,963	-	-	-
Advances to other funds	<u>932,305</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 12,879,222</u>	<u>\$ 300,224</u>	<u>\$ 2,080,342</u>	<u>\$ 1,330,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 227,966	\$ 470	\$ 2,587	\$ 350
Accrued payroll	196,525	-	-	-
Deposits	28,627	-	-	-
Unearned revenue	101,436	-	-	-
Due to other funds	34,096	4,500	650	-
Advances from other funds	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>588,650</u>	<u>404,970</u>	<u>3,237</u>	<u>350</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	<u>152,744</u>	<u>103,411</u>	<u>158,310</u>	<u>781,169</u>
Total Deferred Inflows of Resources	<u>152,744</u>	<u>103,411</u>	<u>158,310</u>	<u>781,169</u>
Fund Balances (Deficit)				
Nonspendable	1,006,087	-	108	-
Restricted	36,217	-	1,918,687	549,369
Committed	1,935,777	-	-	-
Assigned	7,276,612	-	-	-
Unassigned	<u>1,883,135</u>	<u>(208,157)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>12,137,828</u>	<u>(208,157)</u>	<u>1,918,795</u>	<u>549,369</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 12,879,222</u>	<u>\$ 300,224</u>	<u>\$ 2,080,342</u>	<u>\$ 1,330,888</u>

See accompanying notes to financial statements.

<u>Road Construction</u>	<u>Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 1,398,017	\$ 256	\$ 2,918,321	\$ 17,246,617
-	-	179,992	1,417,500
-	-	91,783	969,487
-	-	-	181,808
-	-	160,471	421,925
-	-	1	22
-	-	34,121	108,011
-	3,058,000	-	3,058,000
-	-	34,096	130,059
-	-	-	932,305
<u>\$ 1,398,017</u>	<u>\$ 3,058,256</u>	<u>\$ 3,418,785</u>	<u>\$ 24,465,734</u>
\$ 196,003	\$ 2,034	\$ 32,080	\$ 461,490
-	-	-	196,525
-	-	-	28,627
-	-	-	101,436
-	90,813	-	130,059
-	-	78,776	478,776
<u>196,003</u>	<u>92,847</u>	<u>110,856</u>	<u>1,396,913</u>
-	-	174,872	1,370,506
-	-	174,872	1,370,506
-	-	34,121	1,040,316
1,202,014	-	2,795,411	6,501,698
-	-	381,867	2,317,644
-	2,965,409	-	10,242,021
-	-	(78,342)	1,596,636
<u>1,202,014</u>	<u>2,965,409</u>	<u>3,133,057</u>	<u>21,698,315</u>
<u>\$ 1,398,017</u>	<u>\$ 3,058,256</u>	<u>\$ 3,418,785</u>	<u>\$ 24,465,734</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of April 30, 2014

Total Fund Balances - Governmental Funds	\$ 21,698,315
--	---------------

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	31,563,755
--	------------

Deferred amount on refunding is reported as a deferred outflow on the statement of net position.	114,093
--	---------

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	(25,424,953)
Compensated absences	(278,725)
Accrued interest	(383,112)
Net OPEB obligation	(158,077)
Net pension obligation	<u>(1,593,864)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,537,432</u>
--	-----------------------------

CITY OF PROSPECT HEIGHTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2014

	General	Special Service Area #8	Palatine/ Milwaukee TIF	Road Construction Debt
REVENUES				
Taxes	\$ 2,460,001	\$ 254,882	\$ 630,511	\$ 1,251,289
Intergovernmental	3,301,433	-	-	-
Licenses and permits	1,063,648	-	-	-
Fines, forfeitures and penalties	849,736	-	-	-
Charges for services	759,189	-	-	-
Investment income	27,720	180	291	3
Miscellaneous	205,968	-	-	-
Total Revenues	<u>8,667,695</u>	<u>255,062</u>	<u>630,802</u>	<u>1,251,292</u>
EXPENDITURES				
Current				
General government	1,842,176	-	36,571	1,850
Public safety	4,118,178	-	-	-
Public works	789,201	56,463	-	-
Capital outlay	271,984	17	-	-
Debt service				
Principal	120,000	56,421	345,000	585,000
Interest	69,812	8,999	99,665	357,364
Total Expenditures	<u>7,211,351</u>	<u>121,900</u>	<u>481,236</u>	<u>944,214</u>
Excess (deficiency) of revenues over expenditures	<u>1,456,344</u>	<u>133,162</u>	<u>149,566</u>	<u>307,078</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,140,433	-	-	-
Transfers out	-	(59,140)	(131,906)	-
Total Other Financing Sources (Uses)	<u>2,140,433</u>	<u>(59,140)</u>	<u>(131,906)</u>	<u>-</u>
Net Change in Fund Balances	3,596,777	74,022	17,660	307,078
FUND BALANCES (DEFICIT) - Beginning of Year	<u>8,541,051</u>	<u>(282,179)</u>	<u>1,901,135</u>	<u>242,291</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 12,137,828</u>	<u>\$ (208,157)</u>	<u>\$ 1,918,795</u>	<u>\$ 549,369</u>

See accompanying notes to financial statements.

<u>Road Construction</u>	<u>Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ -	\$ 1,165,781	\$ 5,762,464
-	-	867,426	4,168,859
-	-	-	1,063,648
-	-	-	849,736
-	-	565,104	1,324,293
747	5	1,654	30,600
-	<u>17,000</u>	-	<u>222,968</u>
<u>747</u>	<u>17,005</u>	<u>2,599,965</u>	<u>13,422,568</u>
-	78,565	932,060	2,891,222
-	-	46,291	4,164,469
-	-	59,944	905,608
3,712,048	-	114,990	4,099,039
-	-	95,000	1,201,421
-	<u>169,688</u>	<u>139,668</u>	<u>845,196</u>
<u>3,712,048</u>	<u>248,253</u>	<u>1,387,953</u>	<u>14,106,955</u>
<u>(3,711,301)</u>	<u>(231,248)</u>	<u>1,212,012</u>	<u>(684,387)</u>
-	-	-	2,140,433
<u>(351,870)</u>	-	<u>(1,387,315)</u>	<u>(1,930,231)</u>
<u>(351,870)</u>	-	<u>(1,387,315)</u>	<u>210,202</u>
(4,063,171)	(231,248)	(175,303)	(474,185)
<u>5,265,185</u>	<u>3,196,657</u>	<u>3,308,360</u>	<u>22,172,500</u>
<u>\$ 1,202,014</u>	<u>\$ 2,965,409</u>	<u>\$ 3,133,057</u>	<u>\$ 21,698,315</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, 2014

Net change in fund balances - total governmental funds \$ (474,185)

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,961,763
Depreciation is reported in the government-wide financial statements	(1,401,451)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	1,201,421
------------------	-----------

Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are 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.

Premium	6,103
---------	-------

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.

Compensated absences	(34,568)
Other post employment benefits	(21,459)
Accrued interest on debt	(12,804)
Net pension obligation	(18,703)
Issuance costs	(236,567)
Deferred charge on refunding	<u>(8,776)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,960,774</u>
--	----------------------------

CITY OF PROSPECT HEIGHTS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of April 30, 2014

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,726,876	\$ -	\$ 3,108	\$ 1,729,984
Accounts receivable	74,221	-	-	74,221
Prepaid items	4,268	-	-	4,268
Total Current Assets	1,805,365	-	3,108	1,808,473
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	102,195	-	-	102,195
Capital assets net of accumulated depreciation	3,639,924	-	739,135	4,379,059
Investment in joint venture	-	46,584,437	-	46,584,437
Total Noncurrent Assets	3,742,119	46,584,437	739,135	51,065,691
Total Assets	5,547,484	46,584,437	742,243	52,874,164
LIABILITIES				
Current Liabilities				
Accounts payable	18,252	-	164	18,416
Accrued payroll	3,711	-	-	3,711
Accrued interest	12,566	-	-	12,566
Deposits	1,800	-	-	1,800
Compensated absences	1,791	-	-	1,791
General obligation debt payable	50,000	-	-	50,000
Total Current Liabilities	88,120	-	164	88,284
Noncurrent Liabilities				
General obligation debt payable	615,000	-	-	615,000
Advances from other funds	-	-	453,529	453,529
Total Noncurrent Liabilities	615,000	-	453,529	1,068,529
Total Liabilities	703,120	-	453,693	1,156,813
NET POSITION				
Net investment in capital assets	3,077,119	-	739,135	3,816,254
Unrestricted (Deficit)	1,767,245	46,584,437	(450,585)	47,901,097
TOTAL NET POSITION	\$ 4,844,364	\$ 46,584,437	\$ 288,550	\$ 51,717,351

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended April 30, 2014

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
OPERATING REVENUES				
Charges for services	\$ 780,288	\$ -	\$ 65,749	\$ 846,037
Total Operating Revenues	<u>780,288</u>	<u>-</u>	<u>65,749</u>	<u>846,037</u>
OPERATING EXPENSES				
Operations and maintenance	485,285	-	51,198	536,483
Depreciation expense	117,833	-	32,136	149,969
Total Operating Expenses	<u>603,118</u>	<u>-</u>	<u>83,334</u>	<u>686,452</u>
Operating Income	<u>177,170</u>	<u>-</u>	<u>(17,585)</u>	<u>159,585</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	3,291	-	2	3,293
Joint venture - airport	-	(365,947)	-	(365,947)
Interest expense	(31,509)	-	-	(31,509)
Total Nonoperating Revenues (Expenses)	<u>(28,218)</u>	<u>(365,947)</u>	<u>2</u>	<u>(394,163)</u>
Income (Loss) Before Transfers	<u>148,952</u>	<u>(365,947)</u>	<u>(17,583)</u>	<u>(234,578)</u>
TRANSFERS				
Transfers out	(181,605)	-	(28,597)	(210,202)
Total Transfers	<u>(181,605)</u>	<u>-</u>	<u>(28,597)</u>	<u>(210,202)</u>
Change in Net Position	(32,653)	(365,947)	(46,180)	(444,780)
NET POSITION - Beginning of Year	<u>4,877,017</u>	<u>46,950,384</u>	<u>334,730</u>	<u>52,162,131</u>
NET POSITION - END OF YEAR	<u>\$ 4,844,364</u>	<u>\$ 46,584,437</u>	<u>\$ 288,550</u>	<u>\$ 51,717,351</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended April 30, 2014

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 777,005	\$ -	\$ 65,749	\$ 842,754
Paid to suppliers for goods and services	(383,005)	-	(51,381)	(434,386)
Paid to employees for services	(116,293)	-	-	(116,293)
Net Cash Flows From Operating Activities	<u>277,707</u>	<u>-</u>	<u>14,368</u>	<u>292,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>3,291</u>	<u>-</u>	<u>2</u>	<u>3,293</u>
Net Cash Flows From Investing Activities	<u>3,291</u>	<u>-</u>	<u>2</u>	<u>3,293</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(182,110)	-	(28,597)	(210,707)
Interfund advances received	<u>-</u>	<u>-</u>	<u>15,084</u>	<u>15,084</u>
Net Cash Flows From Noncapital Financing Activities	<u>(182,110)</u>	<u>-</u>	<u>(13,513)</u>	<u>(195,623)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(50,000)	-	-	(50,000)
Interest paid	<u>(31,509)</u>	<u>-</u>	<u>-</u>	<u>(31,509)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(81,509)</u>	<u>-</u>	<u>-</u>	<u>(81,509)</u>
Net Change in Cash and Cash Equivalents	17,379	-	857	18,236
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,709,497</u>	<u>-</u>	<u>2,251</u>	<u>1,711,748</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,726,876</u>	<u>\$ -</u>	<u>\$ 3,108</u>	<u>\$ 1,729,984</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2014

	Business-type Activities - Enterprise Funds			
	Water	Airport	Parking	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 177,170	\$ -	\$ (17,585)	\$ 159,585
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	117,833	-	32,136	149,969
Changes in assets and liabilities				
Accounts receivables	(3,283)	-	-	(3,283)
Prepaid items	106	-	350	456
Accounts payable	(15,170)	-	(533)	(15,703)
Accrued payroll	(169)	-	-	(169)
Compensated absences	1,220	-	-	1,220
	<u>\$ 277,707</u>	<u>\$ -</u>	<u>\$ 14,368</u>	<u>\$ 292,075</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES				
	<u>\$ 277,707</u>	<u>\$ -</u>	<u>\$ 14,368</u>	<u>\$ 292,075</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Joint venture - airport	<u>\$ -</u>	<u>\$ (365,947)</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND As of April 30, 2014

	<u>Pension Trust Police Pension Fund</u>
ASSETS	
Cash	\$ 344,585
Investments	
Mutual funds	6,812,773
U.S. government and agency securities	2,945,254
Corporate bonds	1,392,881
Receivables	
Accrued interest	26,403
Prepaid expenses	<u>590</u>
Total Assets	<u>11,522,486</u>
LIABILITIES	
Accounts payable	<u>4,157</u>
Total Liabilities	<u>4,157</u>
NET POSITION	
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>\$ 11,518,329</u>

CITY OF PROSPECT HEIGHTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND For the Year Ended April 30, 2014

	<u>Pension Trust</u> <u>Police Pension</u> <u>Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 619,990
Plan members	181,008
Total Contributions	<u>800,998</u>
Investment income	
Interest and dividends	203,231
Net appreciation (depreciation) in fair value of investments	<u>553,743</u>
Total Investment Income	756,974
Less Investment expense	<u>22,647</u>
Net Investment Income	<u>734,327</u>
Total Additions	<u>1,535,325</u>
DEDUCTIONS	
Administration	19,035
Benefits	297,851
Other	<u>2,096</u>
Total Deductions	<u>318,982</u>
 Change in Net Position	 1,216,343
NET POSITION - Beginning of Year	<u>10,301,986</u>
 NET POSITION - END OF YEAR	 <u>\$ 11,518,329</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, 2014

NOTE	Page
I Summary of Significant Accounting Policies	33
A. Reporting Entity	33
B. Government-Wide and Fund Financial Statements	34
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	37
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	39
1. Deposits and Investments	39
2. Receivables	41
3. Prepaid Items	42
4. Capital Assets	42
5. Deferred Outflows of Resources	43
6. Compensated Absences	44
7. Long-Term Obligations	44
8. Deferred Inflows of Resources	44
9. Equity Classifications	45
10. Land Held for Resale	46
II Stewardship, Compliance, and Accountability	47
A. Budgetary Information	47
B. Excess Expenditures Over Appropriations	47
C. Deficit Balances	48
D. Limitations on the City's Tax Levy	48
III Detailed Notes on All Funds	49
A. Deposits and Investments	49
B. Receivables	51
C. Capital Assets	53
D. Interfund Receivables/Payables, Advances and Transfers	56
E. Long-Term Obligations	59
F. Fund Balances	63
IV Other Information	64
A. Employees' Retirement System	64
B. Risk Management	69
C. Commitments and Contingencies	70
D. Joint Ventures	70
E. Other Postemployment Benefits	72
F. Effect of New Accounting Standards on Current-Period Financial Statements	74
G. Reimbursement Agreement	74

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2014

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

A. REPORTING ENTITY (cont.)

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 and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2010, the GASB issued statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective May 1, 2013.

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective May 1, 2013.

Government-Wide Financial Statements

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

Government-Wide Financial Statements (cont.)

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds: (cont.)

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.

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
DEA Seizure
Special Service Area #1
Special Service Area #3
Special Service Area #5

Tourism
SWANCC
Special Service Area #2
Special Service Area #4

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

Fund Financial Statements (cont.)

The city reports the following non-major governmental and enterprise funds: (cont.)

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.

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.

Special Service Area #6 Construction
Sales Tax Non-Home Rule

In addition, the city reports the following fund type:

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

Police Pension

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

Government-Wide Financial Statements

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

Government-Wide Financial Statements (cont.)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

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

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

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

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

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

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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.

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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.

2. Receivables

Property taxes for levy year 2014 attaches as an enforceable lien on January 1, 2014, 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 2014 tax levy, which attached as an enforceable lien on the property as of January 1, 2014, has not been recorded as a receivable as of April 30, 2014, as the tax has not yet been levied by the city and will not be levied until December 2014, and therefore, the levy is not measurable at April 30, 2014.

Tax bills for levy year 2013 are prepared by the county and issued on or about February 1, 2014 and July 1, 2014, and are payable in two installments, on or about March 1, 2014 and August 1, 2014 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2013 property tax levy is recognized as a receivable and deferred inflow of resources in fiscal 2014, 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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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 position. 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 nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. Prepaid Items

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

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$200,000 for roads and bridges; \$50,000 for land, buildings, building improvements and sidewalks; \$20,000 for machinery and equipment; \$10,000 for vehicles, water main and sewer mains; and an estimated useful life in excess of 1 year. 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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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.

5. Deferred Outflows of Resources

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. *Compensated Absences*

Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at April 30, 2014, 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.

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

8. *Deferred Inflows of Resources*

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use 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 (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

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

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

Under (ordinance O-12-13), the city council formally established a stabilization arrangement. The stabilization arrangement is contained as a committed balance within the general fund. The stabilization arrangement shall not be used except for urgent events that affect the health and safety of residents including floods, fires or storm damage. Additions to the stabilization arrangement are required when this committed fund balance declines below 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, 2014

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 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 January 27, 2014.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Service Area #8	\$ 102,171	\$ 121,900	\$ 19,729
DEA Seizure	79,960	102,689	22,729
Road Construction Debt	844,764	944,214	99,450
Police Pension	312,500	318,982	6,482

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, 2014

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, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Service Area #8	\$ 208,157	Current and prior operating expenditures exceeded available revenues or financing
Special Service Area #1	78,342	Current and prior 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 2013 and 2012 tax levies were 1.7% and 3.0%, respectively.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 8,326,341	\$ 8,399,934	Custodial credit risk
Illinois funds money market	5,955,041	5,955,041	Credit risk
IMET	4,515,844	4,515,844	Credit risk
Other money market accounts	522,522	522,519	Credit, interest rate, and concentration of credit risk
US government securities	483,454	483,454	Interest rate
US agency securities - explicitly guaranteed	29,236	29,236	Interest rate
US agency securities - implicitly guaranteed	2,432,564	2,432,564	Credit, interest rate, and concentration of credit risk
Corporate bonds	1,392,881	1,392,881	Credit, interest rate, and concentration of credit risk
Mutual funds - bond funds	361,795	361,795	Credit and interest rate risk
Mutual funds - other than bond funds	6,450,978	6,450,978	Concentration of credit risk
Petty cash	1,438	-	N/A
Total Deposits and Investments	\$ 30,472,094	\$ 30,544,246	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 18,976,601		
Per statement of net position- fiduciary funds			
Cash	344,585		
Mutual funds	6,812,773		
U.S. government and agency securities	2,945,254		
Corporate bonds	1,392,881		
Total Deposits and Investments	\$ 30,472,094		

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit 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.

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, 2014, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Illinois funds money market	AAAa	Not rated
IMET	Not rated	Aaa/MR1
Other money market accounts	Not rated	Not rated
US government and agency securities	AA+	Aaa
Corporate bonds	A to A+	A2 to Aa1
Mutual funds - bond funds	AA+	Aaa

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At April 30, 2014, the pension's investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Net Position</u>
Federal Home Loan Bank	US government and agency securities	18.61%

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, 2014, the city's investments were as follows:

<i>City</i>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>	
			<u>Less than 1</u>	
	Other money market accounts	\$ 522,519	\$ 522,519	
	Totals	<u>\$ 522,519</u>	<u>\$ 522,519</u>	

<i>Police Pension</i>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
			<u>Less than 1 year</u>	<u>1-5</u>	<u>6-10</u>
	US government and agency securities	\$ 2,945,254	\$ -	\$ 2,027,341	\$ 917,913
	Corporate bonds	1,392,881	-	612,792	780,089
	Mutual funds - bond funds	<u>361,795</u>	<u>361,795</u>	-	-
	Totals	<u>\$ 4,699,930</u>	<u>\$ 361,795</u>	<u>\$ 2,640,133</u>	<u>\$ 1,698,002</u>

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

B. RECEIVABLES (cont.)

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014, 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	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
Total Capital Assets Not Being Depreciated/ Amortized	<u>7,706,337</u>	<u>-</u>	<u>-</u>	<u>7,706,337</u>
Capital assets being depreciated/ amortized				
Machinery and Equipment	\$ 249,615	\$ 70,852	\$ -	\$ 320,467
Vehicles	1,287,440	388,597	154,221	1,521,816
Office furniture and equipment	577,093	-	-	577,093
Buildings and improvements	5,365,215	135,701	-	5,500,916
Streets	29,103,050	3,366,613	-	32,469,663
Levee	282,107	-	-	282,107
Bridges	34,354	-	-	34,354
Street lights	50,732	-	-	50,732
Sidewalks	379,979	-	-	379,979
Sanitary sewers	980,259	-	-	980,259
Storm sewers	<u>4,759,831</u>	<u>-</u>	<u>-</u>	<u>4,759,831</u>
Total Capital Assets Being Depreciated/ Amortized	<u>43,069,675</u>	<u>3,961,763</u>	<u>154,221</u>	<u>46,877,217</u>
Total Capital Assets	<u>50,776,012</u>	<u>3,961,763</u>	<u>154,221</u>	<u>54,583,554</u>
Less: Accumulated depreciation/ amortization for				
Machinery and Equipment	(141,835)	(19,983)	-	(161,818)
Vehicles	(787,994)	(130,718)	154,221	(764,491)
Office furniture and equipment	(245,516)	(51,969)	-	(297,485)
Buildings and improvements	(1,293,830)	(117,437)	-	(1,411,267)
Streets	(15,672,033)	(927,326)	-	(16,599,359)
Levee	(22,568)	(5,642)	-	(28,210)
Bridges	(16,383)	(272)	-	(16,655)
Street lights	(27,173)	(1,015)	-	(28,188)
Sidewalks	(308,848)	(3,744)	-	(312,592)
Sanitary sewers	(830,261)	(22,965)	-	(853,226)
Storm sewers	<u>(2,426,128)</u>	<u>(120,380)</u>	<u>-</u>	<u>(2,546,508)</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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>
Governmental Activities (cont.)				
Less: Accumulated depreciation/ amortization for (cont.)				
Total Accumulated Depreciation/ Amortization	\$ (21,772,569)	\$ (1,401,451)	\$ 154,221	\$ (23,019,799)
Net Capital Assets Being Depreciated/ Amortized	<u>21,297,106</u>	<u>2,560,312</u>	<u>-</u>	<u>23,857,418</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 29,003,443</u>	<u>\$ 2,560,312</u>	<u>\$ -</u>	<u>\$ 31,563,755</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 103,749
Public safety	137,751
Public works	<u>1,159,951</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,401,451</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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	74,828	-	-	74,828
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	57,795	-	-	57,795
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	49,900	-	-	49,900
Total Capital Assets Being Depreciated/Amortized	<u>6,815,110</u>	<u>-</u>	<u>-</u>	<u>6,815,110</u>
Total Capital Assets	<u>6,917,305</u>	<u>-</u>	<u>-</u>	<u>6,917,305</u>
Less: Accumulated depreciation/ amortization for				
Buildings and improvements	(825,672)	(46,254)	-	(871,926)
Vehicles	(11,558)	(5,780)	-	(17,338)
Water mains	(1,147,091)	(88,345)	-	(1,235,436)
Water reservoir	(133,400)	(4,600)	-	(138,000)
Office furniture and equipment	(158,381)	-	-	(158,381)
Machinery and equipment	(9,980)	(4,990)	-	(14,970)
Total Accumulated Depreciation/Amortization	<u>(2,286,082)</u>	<u>(149,969)</u>	<u>-</u>	<u>(2,436,051)</u>
Net Capital Assets Being Depreciated/Amortized	<u>4,529,028</u>	<u>(149,969)</u>	<u>-</u>	<u>4,379,059</u>
Business-type Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 4,631,223</u>	<u>\$ (149,969)</u>	<u>\$ -</u>	<u>\$ 4,481,254</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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	\$ 117,833
Parking	<u>32,136</u>
Total Business-type Activities Depreciation / Amortization Expense	<u><u>\$ 149,969</u></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:

Receivable Fund	Payable Fund	Amount
General	Palatine/Milwaukee TIF	\$ 650
General	Development	90,813
General	Special Service Area #8	4,500
DEA Seizure	General	445
Tourism	General	<u>33,651</u>
Total - Fund Financial Statements		130,059
Less: Fund eliminations		<u>(130,059)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>

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 position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

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	\$ 78,776	\$ 78,776
General	Special Service Area #8	400,000	400,000
General	Parking	<u>453,529</u>	453,529
Total - Fund Financial Statements		932,305	
Less: Fund eliminations		<u>(478,776)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u>\$ 453,529</u>	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	<u>\$ 453,529</u>	
Total Government-Wide Financial Statements		<u>\$ 453,529</u>	

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General	Motor Fuel Tax	\$ 322,808
General	Palatine/Milwaukee	131,906
General	Tourism	471,704
General	SWANCC	91,136
General	Special Service Area #1	31,624
General	Special Service Area #2	34,949
General	Special Service Area #3	48,915
General	Special Service Area #4	32,079
General	Special Service Area #5	45,114
General	Sales Tax Non-Home Rule	254,718
General	Special Service Area #6 Construction	54,268
General	Special Service Area #8	59,140
General	Road Construction	351,870
General	Water	181,605
General	Parking	<u>28,597</u>
Total - Fund Financial Statements		2,140,433
Less: Fund eliminations		<u>(1,930,231)</u>
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 210,202</u></u>
Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	<u>\$ 210,202</u>
Total Government-wide Financial Statements		<u><u>\$ 210,202</u></u>

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 21,870,000	\$ -	\$ 705,000	\$ 21,165,000	\$ 995,000
Palatine/Milwaukee TIF Note	2,110,000	-	345,000	1,765,000	400,000
Special service area bonds	2,435,000	-	95,000	2,340,000	100,000
Notes payable	56,421	-	56,421	-	-
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	161,056	-	6,103	154,953	-
Sub-totals	<u>26,632,477</u>	<u>-</u>	<u>1,207,524</u>	<u>25,424,953</u>	<u>1,495,000</u>
Other Liabilities					
Compensated absences	244,157	278,725	244,157	278,725	278,725
Other postemployment benefits	136,618	41,946	20,487	158,077	-
Net pension obligation	<u>1,575,161</u>	<u>638,693</u>	<u>619,990</u>	<u>1,593,864</u>	<u>-</u>
Total Other Liabilities	<u>1,955,936</u>	<u>959,364</u>	<u>884,634</u>	<u>2,030,666</u>	<u>278,725</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 28,588,413</u>	<u>\$ 959,364</u>	<u>\$ 2,092,158</u>	<u>\$ 27,455,619</u>	<u>\$ 1,773,725</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	<u>\$ 715,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 665,000</u>	<u>\$ 50,000</u>
Other Liabilities					
Compensated absences	<u>571</u>	<u>1,791</u>	<u>571</u>	<u>1,791</u>	<u>1,791</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 715,571</u>	<u>\$ 1,791</u>	<u>\$ 50,571</u>	<u>\$ 666,791</u>	<u>\$ 51,791</u>

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

The city is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the city. As of April 30, 2014, the statutory debt limit for the city was \$28,610,074, providing a debt margin of \$6,780,074.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

E. LONG-TERM OBLIGATIONS (cont.)

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.

<u>Governmental Activities</u> <u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2014</u>
2008 General obligation debt	3/25/2008	12/15/2023	4.327%	\$ 2,045,000	\$ 1,495,000
2011A General obligation debt	6/29/2011	12/15/2026	2.5 - 4.0%	5,000,000	4,550,000
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	4,690,000
2013 General obligation debt	4/16/2013	12/15/2026	2.00% - 2.35%	5,000,000	<u>5,000,000</u>

Total Governmental Activities - General Obligation Debt \$ 21,165,000

<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2014</u>
2010 General obligation debt	7/1/2010	12/15/2024	4.0 - 5.2%	\$ 800,000	\$ <u>665,000</u>

Total Business-type Activities - General Obligation Debt \$ 665,000

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt</u>		<u>Business-type Activities</u> <u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 995,000	\$ 662,182	\$ 50,000	\$ 29,510
2016	6,520,000	572,519	50,000	27,510
2017	1,110,000	376,581	55,000	25,510
2018	1,135,000	349,765	55,000	23,310
2019	1,165,000	320,757	55,000	21,110
2020-2024	6,400,000	1,113,798	325,000	67,210
2025-2027	<u>3,840,000</u>	<u>225,986</u>	<u>75,000</u>	<u>3,900</u>
Totals	<u>\$ 21,165,000</u>	<u>\$ 3,621,588</u>	<u>\$ 665,000</u>	<u>\$ 198,060</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

E. LONG-TERM OBLIGATIONS (cont.)

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, 2014, consists of the following:

<u>Governmental Activities</u>					
<u>Tax Increment Financing Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2014</u>
Palatine/Milwaukee TIF Notes	6/1/2004	12/1/2017	3.5 - 4.9%	\$ 5,225,000	\$ <u>1,765,000</u>
Total Governmental Activities Tax Increment Financing Bonds					\$ <u><u>1,765,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>Tax Increment Financing Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 400,000	\$ 84,485
2016	420,000	66,885
2017	445,000	46,305
2018	<u>500,000</u>	<u>24,500</u>
Totals	\$ <u><u>1,765,000</u></u>	\$ <u><u>222,175</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

E. LONG-TERM OBLIGATIONS (cont.)

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, 2014, consist of the following:

<u>Governmental Activities</u> <u>Special Service Area Bonds</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2014</u>
Special service area bonds	1/29/2009	12/15/2028	4 to 6.25%	\$ 2,800,000	<u>\$ 2,340,000</u>
Total Governmental Activities Special Service Area Bonds					<u><u>\$ 2,340,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>Special Service Area Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 100,000	\$ 134,753
2016	110,000	129,753
2017	115,000	124,253
2018	120,000	118,503
2019	125,000	112,143
2020-2024	755,000	448,808
2025-2029	<u>1,015,000</u>	<u>196,725</u>
Totals	<u><u>\$ 2,340,000</u></u>	<u><u>\$ 1,264,938</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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, 2014, include the following:

Nonspendable	
Major Funds	
General Fund	
Advance to other funds	\$ 932,305
Prepaid items	<u>73,782</u>
Sub-Total	1,006,087
Palatine/Milwaukee TIF Fund	
Prepaid items	108
Nonmajor Funds	
Prepaid items	<u>34,121</u>
Total	<u><u>\$ 1,040,316</u></u>
Restricted	
Major Funds	
General Fund	
Public safety	\$ 36,217
Palatine/Milwaukee TIF Fund	
Debt service	1,918,687
Road Construction Debt Fund	
Debt service	549,369
Road Construction Fund	
Capital projects	1,202,014
Nonmajor Funds	
Streets and highways	545,777
Tourism	861,750
Public safety	332,626
Special service area improvements	883,844
Debt service	<u>171,414</u>
Sub-Total	<u>2,795,411</u>
Total	<u><u>\$ 6,501,698</u></u>
Committed	
Major Fund	
General Fund	
Revenue stabilization	\$ 1,935,778
Nonmajor Funds	
Solid waste disposal	<u>381,867</u>
Total	<u><u>\$ 2,317,645</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned	
Major Funds	
General Fund	
Capital purchases	\$ 3,776,612
Debt Service	<u>3,500,000</u>
Sub-Total	<u>7,276,612</u>
Development Fund	
Capital projects	<u>2,965,409</u>
Total	<u>\$ 10,242,021</u>
Unassigned	
Major Funds	
General fund	\$ 1,883,135
Special service area #8 special revenue fund	(208,157)
Nonmajor Funds	
Special service area #1 special revenue fund	<u>(78,342)</u>
Total	<u>\$ 1,596,636</u>

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 2013 was 14.44% 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.

At April 30, 2014, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	10
Current employees:	
Vested	16
Non vested	6
	<hr/>
Total	<hr/> <hr/> 32

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

As provided 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 costs of administering the Police Pension Plan are financed through investment earnings. 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, 2014, the city's contribution was 36.47% 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, 2014

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, 2013	April 30, 2013
Contribution rates:		
Employer	14.44%	36.44%
Employee	4.50%	9.91%
Annual required contribution	\$176,511	\$619,473
Contributions made	\$176,511	\$619,990
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal
Asset valuation method	market	Market
Amortization method	Level percentage of payroll, open	Level percentage of payroll, closed
Amortization period	30 years	20 years
Actuarial assumptions:		
Investment rate of return	7.50%	7.00%
	Compounded annually	Compounded annually
Projected salary increases	0.4% to 10%	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, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Obligation

The following is the net pension obligation calculation from the April 30, 2013, actuarial report:

Net Pension Obligation:	Police Pension
Annual required contribution	\$ 619,473
Interest on net pension obligation	110,261
Adjustment to annual required contribution	<u>(91,041)</u>
Annual pension cost	638,693
Contributions made	<u>(619,990)</u>
Change in net pension obligation	18,703
Net pension obligation, beginning of year	<u>1,575,161</u>
Net pension obligation, end of year	<u>\$ 1,593,864</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)	2014	\$ 176,511	\$ 638,693
	2013	130,451	548,167
	2012	156,417	539,220
Contributions made	2014	\$ 176,511	\$ 619,990
	2013	130,451	692,342
	2012	156,417	514,504
Percentage of APC contributed	2014	100%	97.07
	2013	100%	126.3%
	2012	100%	95.4%
Net pension obligation	2014	\$ -	\$ 1,593,864
	2013	-	1,575,161
	2012	-	1,719,336

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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, 2013	April 30, 2013
Actuarial Valuation of Assets (a)	\$ 3,568,474	\$ 10,301,987
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 4,512,069	\$ 17,183,347
Unfunded AAL (UAAL) (b - a)	\$ 943,595	\$ 6,881,360
Funded Ratio (a/b)	79.09 %	59.95 %
Covered Payroll (c)	1,222,374	1,700,210
UAAL as a Percentage of Covered Payroll ((b-a)/c)	77.19 %	404.74 %

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 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

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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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, 2014, is 2.9096%. 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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

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 \$436,497 for the year ended April 30, 2014. The city does not have an equity interest in SWANCC.

Chicago Executive Airport

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

The member municipalities have entered into agreements with 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.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

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, 2014, the city's proportionate shares of equity and net loss were \$46,584,437 and \$(365,947), respectively. The city made no payments to the Airport for the year ended April 30, 2014.

E. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined benefit healthcare plan. The plan provides for eligible individuals through the city's which covers both active and retired members. Benefit provisions are established through and state that eligible retirees and their spouses at established contribution rates.

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 2014, the city contributed \$20,487 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. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	41,673
Interest on net OPEB obligation		819
Adjustment to annual required contribution		<u>(546)</u>
Annual OPEB cost		41,946
Contributions made		<u>(20,487)</u>
Increase in net OPEB obligation		21,459
Net OPEB Obligation - Beginning of Year		<u>136,618</u>
Net OPEB Obligation - End of Year	\$	<u><u>158,077</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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 2014 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, 2014	\$ 41,946	48.84%	\$ 158,077
April 30, 2013	41,946	60.65%	136,618
April 30, 2012	41,810	31.30%	120,112

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, 2014

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, 2014, was 30 years.

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

G. REIMBURSEMENT AGREEMENT

Under an agreement approved by the City Council on April 8, 2013, the City has committed to the reimbursement of developer costs for certain property located within the City's Palatine/Milwaukee Tax Increment Financing Area in the amount of \$500,000. As of April 30, 2014, \$200,000 of the eligible costs have been repaid with the remaining amounts to be paid in the course of not more than two fiscal years, commencing with the fiscal year in which the addition to the property receives a certificate of occupancy from the City in accord with the City's building codes. The developer has until April 30, 2015 to complete renovations of the property.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,251,974	\$ 2,267,537	\$ 2,460,001	\$ 192,464
Intergovernmental	2,407,897	3,201,288	3,301,433	100,145
Licenses and permits	773,404	852,850	1,063,648	210,798
Fines, forfeitures and penalties	349,900	727,600	849,736	122,136
Charges for services	662,100	662,100	759,189	97,089
Investment income	22,166	25,600	27,720	2,120
Miscellaneous	<u>683,256</u>	<u>222,528</u>	<u>205,968</u>	<u>(16,560)</u>
Total Revenues	<u>7,150,697</u>	<u>7,959,503</u>	<u>8,667,695</u>	<u>708,192</u>
EXPENDITURES				
Current:				
General government	1,718,922	1,786,673	1,842,176	(55,503)
Public safety	4,084,739	4,142,990	4,118,178	24,812
Public works	793,904	841,028	789,201	51,827
Capital outlay	313,200	294,950	271,984	22,966
Debt Service				
Principal	520,000	520,000	120,000	400,000
Interest	<u>69,881</u>	<u>69,881</u>	<u>69,812</u>	<u>69</u>
Total Expenditures	<u>7,500,646</u>	<u>7,655,522</u>	<u>7,211,351</u>	<u>444,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(349,949)</u>	<u>303,981</u>	<u>1,456,344</u>	<u>1,152,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,353,000</u>	<u>1,962,622</u>	<u>2,140,433</u>	<u>177,811</u>
Total Other Financing Sources (Uses)	<u>1,353,000</u>	<u>1,962,622</u>	<u>2,140,433</u>	<u>177,811</u>
Net Change in Fund Balance	<u>\$ 1,003,051</u>	<u>\$ 2,266,603</u>	3,596,777	<u>\$ 1,330,174</u>
FUND BALANCE - Beginning of Year			<u>8,541,051</u>	
FUND BALANCE - END OF YEAR			<u>\$ 12,137,828</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property	\$ 200,000	\$ 200,000	\$ 254,882	\$ 54,882
Investment income	-	-	180	180
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>255,062</u>	<u>55,062</u>
EXPENDITURES				
Current:				
Public works	37,050	35,750	56,463	(20,713)
Capital outlay	56,421	56,421	17	56,404
Debt Service				
Principal	-	-	56,421	(56,421)
Interest	10,000	10,000	8,999	1,001
Total Expenditures	<u>103,471</u>	<u>102,171</u>	<u>121,900</u>	<u>(19,729)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96,529</u>	<u>97,829</u>	<u>133,162</u>	<u>35,333</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	400,000	400,000	-	(400,000)
Transfers out	(55,400)	(66,500)	(59,140)	7,360
Total Other Financing Sources (Uses)	<u>344,600</u>	<u>333,500</u>	<u>(59,140)</u>	<u>(392,640)</u>
Net Change in Fund Balance	<u>\$ 441,129</u>	<u>\$ 431,329</u>	74,022	<u>\$ (357,307)</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(282,179)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (208,157)</u>	

See independent auditors' 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, 2014

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/14	\$ 176,511	100.00%	\$ -
4/30/13	130,451	100.00%	-
4/30/12	156,417	100.00%	-

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial 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>
12/31/13	\$ 3,568,474	\$ 4,512,069	\$ 943,595	79.09%	\$ 1,222,374	77.19%
12/31/12	3,312,526	4,361,799	1,049,273	75.94%	1,078,104	97.33%
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	3,599,565	4,631,534	1,031,969	77.72%	1,593,070	64.78%

Digest of Changes

Assumptions

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$4,380,189. On a market basis, the funded ratio would be 97.08%

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, 2013
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	0.4% to 10.0%
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, 2014

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
4/30/14	\$ 619,473	97.07%	\$ 1,593,864
4/30/13	523,093	132.35%	1,575,161
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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial 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>
4/30/13	\$ 10,301,987	\$17,183,347	\$ 6,881,360	59.95%	\$ 1,700,210	404.74%
4/30/12	9,299,272	15,512,792	6,213,520	59.95%	1,375,352	451.78%
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%

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, 2013
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 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, 2014

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
4/30/14	\$ 41,673	48.8 %
4/30/13	41,673	61.0
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 April 30, 2014

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

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Service Area #8	\$ 102,171	\$ 121,900	\$ 19,729

SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS

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

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
Property	\$ 303,202	\$ 303,202	\$ 309,069	\$ 5,867
Local use	263,347	271,500	285,205	13,705
Utility	1,039,350	1,019,000	1,135,095	116,095
Local sales tax	265,765	290,500	283,614	(6,886)
Places for eating	285,810	285,810	301,808	15,998
Other	<u>94,500</u>	<u>97,525</u>	<u>145,210</u>	<u>47,685</u>
Total Taxes	<u>2,251,974</u>	<u>2,267,537</u>	<u>2,460,001</u>	<u>192,464</u>
INTERGOVERNMENTAL				
Income tax	1,468,210	1,540,000	1,552,422	12,422
Grants	78,157	403,157	432,761	29,604
State sales tax	707,899	771,000	822,982	51,982
Personal property replacement tax	1,631	1,631	1,768	137
Other	<u>152,000</u>	<u>485,500</u>	<u>491,500</u>	<u>6,000</u>
Total intergovernmental	<u>2,407,897</u>	<u>3,201,288</u>	<u>3,301,433</u>	<u>100,145</u>
LICENSES AND PERMITS				
Vehicle stickers	613,900	690,125	894,474	204,349
Licenses	<u>159,504</u>	<u>162,725</u>	<u>169,174</u>	<u>6,449</u>
Total Licenses and permits	<u>773,404</u>	<u>852,850</u>	<u>1,063,648</u>	<u>210,798</u>
FINES, FORFEITURES AND PENALTIES				
Public safety fines and fees	<u>349,900</u>	<u>727,600</u>	<u>849,736</u>	<u>122,136</u>
Total Fines, forfeitures and penalties	<u>349,900</u>	<u>727,600</u>	<u>849,736</u>	<u>122,136</u>
CHARGES FOR SERVICE				
Franchise fees	262,000	262,000	309,453	47,453
Building revenue and fees	370,000	370,000	391,376	21,376
Public safety charges for service	<u>30,100</u>	<u>30,100</u>	<u>58,360</u>	<u>28,260</u>
Total Charges for service	<u>662,100</u>	<u>662,100</u>	<u>759,189</u>	<u>97,089</u>
INVESTMENT INCOME				
Investment income	<u>22,166</u>	<u>25,600</u>	<u>27,720</u>	<u>2,120</u>
Total Investment income	<u>22,166</u>	<u>25,600</u>	<u>27,720</u>	<u>2,120</u>

CITY OF PROSPECT HEIGHTS

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

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
MISCELLANEOUS				
Reimbursable income	\$ 644,998	\$ 184,270	\$ 154,457	\$ (29,813)
Miscellaneous	<u>38,258</u>	<u>38,258</u>	<u>51,511</u>	<u>13,253</u>
Total Miscellaneous	<u>683,256</u>	<u>222,528</u>	<u>205,968</u>	<u>(16,560)</u>
TOTAL REVENUES	<u>\$ 7,150,697</u>	<u>\$ 7,959,503</u>	<u>\$ 8,667,695</u>	<u>\$ 708,192</u>

CITY OF PROSPECT HEIGHTS

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

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
City Council and Boards				
Salaries	\$ 11,365	\$ 11,365	\$ 11,040	\$ 325
Pension benefits	870	870	844	26
Professional services	17,500	12,800	4,009	8,791
Professional development	15,300	16,000	15,306	694
Other expenditures	19,500	23,500	18,888	4,612
Total City Council and Boards	<u>64,535</u>	<u>64,535</u>	<u>50,087</u>	<u>14,448</u>
Administration				
Salaries	356,444	366,174	397,422	(31,248)
Insurance benefits	37,831	44,329	49,950	(5,621)
Pension benefits	77,620	75,974	77,623	(1,649)
Professional services	335,560	360,560	351,144	9,416
Communications	42,500	46,600	46,383	217
Professional development	7,100	7,100	2,585	4,515
Service charges and fees	77,700	77,700	66,987	10,713
Other contractual services	85,896	87,096	54,873	32,223
General supplies	8,250	13,750	15,228	(1,478)
Printed materials	500	500	46	454
Other expenditures	600	600	600	-
Total Administration	<u>1,030,001</u>	<u>1,080,383</u>	<u>1,062,841</u>	<u>17,542</u>
Engineering				
Salaries	29,730	20,507	24,724	(4,217)
Insurance benefits	9,800	9,300	7,295	2,005
Pension benefits	6,853	4,523	5,216	(693)
Professional services	18,000	25,000	36,151	(11,151)
Other contractual services	300	300	221	79
Non-Printed materials	100	100	-	100
Total Engineering	<u>64,783</u>	<u>59,730</u>	<u>73,607</u>	<u>(13,877)</u>
Building Department				
Salaries	277,459	271,312	281,452	(10,140)
Insurance benefits	69,836	69,098	69,904	(806)
Pension benefits	63,963	59,544	58,076	1,468
Professional services	28,080	28,080	32,290	(4,210)
Communications	2,900	3,500	1,454	2,046
Professional development	1,620	1,620	1,335	285
Other contractual services	908	3,000	2,911	89
General supplies	2,650	2,650	3,427	(777)
Printed materials	1,187	1,187	-	1,187
Total Building Department	<u>448,603</u>	<u>439,991</u>	<u>450,849</u>	<u>(10,858)</u>
Reimbursable Expenditures				
Insurance benefits	15,500	15,336	11,072	4,264
Professional services	20,000	20,000	20,000	-
General supplies	14,000	14,000	11,365	2,635
Other expenditures	61,500	67,698	112,762	(45,064)
Total Reimbursable Expenditures	<u>111,000</u>	<u>117,034</u>	<u>155,199</u>	<u>(38,165)</u>

CITY OF PROSPECT HEIGHTS

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

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Grant expense	\$ -	\$ 25,000	\$ 49,593	\$ (24,593)
Total General Government	<u>1,718,922</u>	<u>1,786,673</u>	<u>1,842,176</u>	<u>(55,503)</u>
PUBLIC SAFETY				
Salaries	2,348,711	2,380,637	2,391,826	(11,189)
Insurance benefits	452,559	439,456	421,164	18,292
Pension benefits	650,302	698,922	697,625	1,297
Professional services	40,000	44,600	44,674	(74)
Communications	195,461	198,361	198,933	(572)
Professional development	33,320	33,320	30,677	2,643
Other contractual services	158,952	137,952	137,444	508
Maintenance supplies	17,500	17,500	10,115	7,385
General supplies	106,900	109,600	99,594	10,006
Non-printed materials	350	350	346	4
Other expenditures	-	1,608	3,309	(1,701)
Grants	80,684	80,684	82,471	(1,787)
Total Public Safety	<u>4,084,739</u>	<u>4,142,990</u>	<u>4,118,178</u>	<u>24,812</u>
PUBLIC WORKS				
Salaries	384,705	433,205	407,974	25,231
Insurance benefits	97,995	92,995	92,059	936
Pension benefits	78,544	82,068	85,068	(3,000)
Maintenance services	58,700	58,700	43,820	14,880
Professional services	50,460	50,460	36,796	13,664
Professional development	3,200	3,200	2,388	812
Service charges and fees	6,600	10,500	9,246	1,254
Other contractual services	46,200	42,400	41,707	693
Maintenance supplies	14,000	14,000	10,370	3,630
General supplies	53,500	53,500	59,773	(6,273)
Total Public Works	<u>793,904</u>	<u>841,028</u>	<u>789,201</u>	<u>51,827</u>
CAPITAL OUTLAY				
General administration	-	2,750	2,783	(33)
Public works	3,000	3,000	3,161	(161)
Public safety	310,200	289,200	266,040	23,160
Total Capital outlay	<u>313,200</u>	<u>294,950</u>	<u>271,984</u>	<u>22,966</u>
DEBT SERVICE				
Principal	520,000	520,000	120,000	400,000
Interest	69,881	69,881	69,812	69
Total Debt Service	<u>589,881</u>	<u>589,881</u>	<u>189,812</u>	<u>400,069</u>
TOTAL EXPENDITURES	<u>\$ 7,500,646</u>	<u>\$ 7,655,522</u>	<u>\$ 7,211,351</u>	<u>\$ 444,171</u>

CITY OF PROSPECT HEIGHTS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of April 30, 2014

	Motor Fuel Tax	Tourism	DEA Seizure	SWANCC	Special Service Area #1	Special Service Area #2
ASSETS						
Cash and investments	\$ 454,232	\$ 793,514	\$ 332,181	\$ 287,823	\$ 264	\$ 21,729
Receivables (net)						
Property taxes	-	-	-	-	16,873	23,608
Intergovernmental	91,783	-	-	-	-	-
Accounts	-	66,427	-	94,044	-	-
Accrued interest	-	-	-	-	-	-
Prepaid items	-	-	-	34,121	-	-
Due from other funds	-	33,651	445	-	-	-
	<u>\$ 546,015</u>	<u>\$ 893,592</u>	<u>\$ 332,626</u>	<u>\$ 415,988</u>	<u>\$ 17,137</u>	<u>\$ 45,337</u>
TOTAL ASSETS						
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 238	\$ 31,842	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	-	-	78,776	-
Total Liabilities	<u>238</u>	<u>31,842</u>	<u>-</u>	<u>-</u>	<u>78,776</u>	<u>-</u>
Deferred Inflows of Resources						
Property taxes levied for future periods	-	-	-	-	16,703	23,230
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,703</u>	<u>23,230</u>
Fund Balances						
Nonspendable	-	-	-	34,121	-	-
Restricted	545,777	861,750	332,626	-	-	22,107
Committed	-	-	-	381,867	-	-
Unassigned (Deficit)	-	-	-	-	(78,342)	-
Total Fund Balances	<u>545,777</u>	<u>861,750</u>	<u>332,626</u>	<u>415,988</u>	<u>(78,342)</u>	<u>22,107</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
	<u>\$ 546,015</u>	<u>\$ 893,592</u>	<u>\$ 332,626</u>	<u>\$ 415,988</u>	<u>\$ 17,137</u>	<u>\$ 45,337</u>

<u>Special Service Area #3</u>	<u>Special Service Area #4</u>	<u>Special Service Area #5</u>	<u>Special Service Area #6 Debt</u>	<u>Special Service Area #6 Construction</u>	<u>Sales Tax Non-Home Rule</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 427,951	\$ 25,923	\$ 325,548	\$ 167,111	\$ 82,045	\$ -	\$ 2,918,321
9,125	17,884	2,915	109,587	-	-	179,992
-	-	-	-	-	-	91,783
-	-	-	-	-	-	160,471
-	-	-	1	-	-	1
-	-	-	-	-	-	34,121
-	-	-	-	-	-	34,096
<u>\$ 437,076</u>	<u>\$ 43,807</u>	<u>\$ 328,463</u>	<u>\$ 276,699</u>	<u>\$ 82,045</u>	<u>\$ -</u>	<u>\$ 3,418,785</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,080
-	-	-	-	-	-	78,776
-	-	-	-	-	-	110,856
9,009	17,851	2,794	105,285	-	-	174,872
9,009	17,851	2,794	105,285	-	-	174,872
-	-	-	-	-	-	34,121
428,067	25,956	325,669	171,414	82,045	-	2,795,411
-	-	-	-	-	-	381,867
-	-	-	-	-	-	(78,342)
<u>428,067</u>	<u>25,956</u>	<u>325,669</u>	<u>171,414</u>	<u>82,045</u>	<u>-</u>	<u>3,133,057</u>
<u>\$ 437,076</u>	<u>\$ 43,807</u>	<u>\$ 328,463</u>	<u>\$ 276,699</u>	<u>\$ 82,045</u>	<u>\$ -</u>	<u>\$ 3,418,785</u>

CITY OF PROSPECT HEIGHTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2014

	Motor Fuel Tax	Tourism	DEA Seizure	SWANCC	Special Service Area #1	Special Service Area #2
REVENUES						
Taxes	\$ -	\$ 757,813	\$ -	\$ -	\$ 41,101	\$ 68,719
Intergovernmental	571,352	-	296,074	-	-	-
Charges for services	-	-	-	565,104	-	-
Investment income	91	987	30	345	1	4
Total Revenues	<u>571,443</u>	<u>758,800</u>	<u>296,104</u>	<u>565,449</u>	<u>41,102</u>	<u>68,723</u>
EXPENDITURES						
Current						
General government	-	493,971	-	438,089	-	-
Public safety	-	-	46,291	-	-	-
Public works	49,218	-	-	-	1,262	1,562
Capital outlay	58,592	-	56,398	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>107,810</u>	<u>493,971</u>	<u>102,689</u>	<u>438,089</u>	<u>1,262</u>	<u>1,562</u>
Excess (deficiency) of revenues over expenditures	<u>463,633</u>	<u>264,829</u>	<u>193,415</u>	<u>127,360</u>	<u>39,840</u>	<u>67,161</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(322,808)	(471,704)	-	(91,136)	(31,624)	(34,949)
Total Other Financing Sources (Uses)	<u>(322,808)</u>	<u>(471,704)</u>	<u>-</u>	<u>(91,136)</u>	<u>(31,624)</u>	<u>(34,949)</u>
Net Change in Fund Balances	140,825	(206,875)	193,415	36,224	8,216	32,212
FUND BALANCES (DEFICIT) - Beginning of Year	<u>404,952</u>	<u>1,068,625</u>	<u>139,211</u>	<u>379,764</u>	<u>(86,558)</u>	<u>(10,105)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 545,777</u>	<u>\$ 861,750</u>	<u>\$ 332,626</u>	<u>\$ 415,988</u>	<u>\$ (78,342)</u>	<u>\$ 22,107</u>

Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #6 Debt	Special Service Area #6 Construction	Sales Tax Non-Home Rule	Total Nonmajor Governmental Funds
\$ 11,285	\$ 43,862	\$ 2,989	\$ 240,012	\$ -	\$ -	\$ 1,165,781
-	-	-	-	-	-	867,426
-	-	-	-	-	-	565,104
81	4	61	31	19	-	1,654
<u>11,366</u>	<u>43,866</u>	<u>3,050</u>	<u>240,043</u>	<u>19</u>	<u>-</u>	<u>2,599,965</u>
-	-	-	-	-	-	932,060
-	-	-	-	-	-	46,291
2,023	857	3,852	-	1,170	-	59,944
-	-	-	-	-	-	114,990
-	-	-	95,000	-	-	95,000
-	-	-	139,668	-	-	139,668
<u>2,023</u>	<u>857</u>	<u>3,852</u>	<u>234,668</u>	<u>1,170</u>	<u>-</u>	<u>1,387,953</u>
<u>9,343</u>	<u>43,009</u>	<u>(802)</u>	<u>5,375</u>	<u>(1,151)</u>	<u>-</u>	<u>1,212,012</u>
<u>(48,915)</u>	<u>(32,079)</u>	<u>(45,114)</u>	<u>-</u>	<u>(54,268)</u>	<u>(254,718)</u>	<u>(1,387,315)</u>
<u>(48,915)</u>	<u>(32,079)</u>	<u>(45,114)</u>	<u>-</u>	<u>(54,268)</u>	<u>(254,718)</u>	<u>(1,387,315)</u>
(39,572)	10,930	(45,916)	5,375	(55,419)	(254,718)	(175,303)
<u>467,639</u>	<u>15,026</u>	<u>371,585</u>	<u>166,039</u>	<u>137,464</u>	<u>254,718</u>	<u>3,308,360</u>
<u>\$ 428,067</u>	<u>\$ 25,956</u>	<u>\$ 325,669</u>	<u>\$ 171,414</u>	<u>\$ 82,045</u>	<u>\$ -</u>	<u>\$ 3,133,057</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor fuel tax	\$ 456,193	\$ 465,947	\$ 537,316	\$ 71,369
Grants	-	3,100	34,036	30,936
Investment income	401	100	91	(9)
Total Revenues	<u>456,594</u>	<u>469,147</u>	<u>571,443</u>	<u>102,296</u>
EXPENDITURES				
PUBLIC WORKS				
Ice control maintenance	76,500	100,000	47,951	52,049
Miscellaneous	<u>30,000</u>	<u>30,000</u>	<u>1,267</u>	<u>28,733</u>
Total public works	<u>106,500</u>	<u>130,000</u>	<u>49,218</u>	<u>80,782</u>
CAPITAL OUTLAY				
Capital outlay	<u>220,000</u>	<u>244,243</u>	<u>58,592</u>	<u>185,651</u>
Total Expenditures	<u>326,500</u>	<u>374,243</u>	<u>107,810</u>	<u>266,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>130,094</u>	<u>94,904</u>	<u>463,633</u>	<u>368,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(184,300)</u>	<u>(350,000)</u>	<u>(322,808)</u>	<u>27,192</u>
Total Other Financing Sources (Uses)	<u>(184,300)</u>	<u>(350,000)</u>	<u>(322,808)</u>	<u>27,192</u>
Net Change in Fund Balance	<u>\$ (54,206)</u>	<u>\$ (255,096)</u>	140,825	<u>\$ 395,921</u>
FUND BALANCE - Beginning of Year			<u>404,952</u>	
FUND BALANCE - END OF YEAR			<u>\$ 545,777</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TOURISM - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Hotel	\$ 700,000	\$ 700,000	\$ 757,813	\$ 57,813
Investment income	770	770	987	217
Total Revenues	<u>700,770</u>	<u>700,770</u>	<u>758,800</u>	<u>58,030</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	548,364	144,931	36,473	108,458
Professional development	84,525	84,525	63,000	21,525
Other expenditures	<u>403,433</u>	<u>403,433</u>	<u>394,498</u>	<u>8,935</u>
Total General Government	<u>1,036,322</u>	<u>632,889</u>	<u>493,971</u>	<u>138,918</u>
Total Expenditures	<u>1,036,322</u>	<u>632,889</u>	<u>493,971</u>	<u>138,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(335,552)</u>	<u>67,881</u>	<u>264,829</u>	<u>196,948</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(47,600)</u>	<u>(441,933)</u>	<u>(471,704)</u>	<u>(29,771)</u>
Total Other Financing Sources (Uses)	<u>(47,600)</u>	<u>(441,933)</u>	<u>(471,704)</u>	<u>(29,771)</u>
Net Change in Fund Balance	<u>\$ (383,152)</u>	<u>\$ (374,052)</u>	(206,875)	<u>\$ 167,177</u>
FUND BALANCE - Beginning of Year			<u>1,068,625</u>	
FUND BALANCE - END OF YEAR			<u>\$ 861,750</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 26,481	\$ 296,074	\$ 269,593
Investment income	-	17	30	13
Total Revenues	<u>-</u>	<u>26,498</u>	<u>296,104</u>	<u>269,606</u>
EXPENDITURES				
PUBLIC SAFETY				
Salaries	20,000	20,000	-	20,000
Professional services	760	760	759	1
General supplies	-	2,000	45,532	(43,532)
Total Public Safety	<u>20,760</u>	<u>22,760</u>	<u>46,291</u>	<u>(23,531)</u>
CAPITAL OUTLAY				
Capital outlay	<u>52,000</u>	<u>57,200</u>	<u>56,398</u>	<u>802</u>
Total Expenditures	<u>72,760</u>	<u>79,960</u>	<u>102,689</u>	<u>(22,729)</u>
Net Change in Fund Balance	<u>\$ (72,760)</u>	<u>\$ (53,462)</u>	193,415	<u>\$ 246,877</u>
FUND BALANCE - Beginning of Year			<u>139,211</u>	
FUND BALANCE - END OF YEAR			<u>\$ 332,626</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for service	\$ 564,000	\$ 564,000	\$ 565,104	\$ 1,104
Investment income	257	257	345	88
Total Revenues	<u>564,257</u>	<u>564,257</u>	<u>565,449</u>	<u>1,192</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administration				
Service charges and fees	<u>432,000</u>	<u>478,062</u>	<u>436,497</u>	<u>41,565</u>
City Council and Boards				
Professional services	<u>710</u>	<u>710</u>	<u>1,592</u>	<u>(882)</u>
Total General Government	<u>432,710</u>	<u>478,772</u>	<u>438,089</u>	<u>40,683</u>
Total Expenditures	<u>432,710</u>	<u>478,772</u>	<u>438,089</u>	<u>40,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>131,547</u>	<u>85,485</u>	<u>127,360</u>	<u>41,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(86,000)</u>	<u>(92,000)</u>	<u>(91,136)</u>	<u>864</u>
Total Other Financing Sources (Uses)	<u>(86,000)</u>	<u>(92,000)</u>	<u>(91,136)</u>	<u>864</u>
Net Change in Fund Balance	<u>\$ 45,547</u>	<u>\$ (6,515)</u>	36,224	<u>\$ 42,739</u>
FUND BALANCE - Beginning of Year			<u>379,764</u>	
FUND BALANCE - END OF YEAR			<u>\$ 415,988</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 35,000	\$ 35,000	\$ 41,101	\$ 6,101
Investment income	-	-	1	1
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>41,102</u>	<u>6,102</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,120	1,120	621	499
Other contractual services	<u>1,000</u>	<u>700</u>	<u>641</u>	<u>59</u>
Total Public Works	<u>2,120</u>	<u>1,820</u>	<u>1,262</u>	<u>558</u>
Total Expenditures	<u>2,120</u>	<u>1,820</u>	<u>1,262</u>	<u>558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,880</u>	<u>33,180</u>	<u>39,840</u>	<u>6,660</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(37,200)</u>	<u>(30,900)</u>	<u>(31,624)</u>	<u>(724)</u>
Total Other Financing Sources (Uses)	<u>(37,200)</u>	<u>(30,900)</u>	<u>(31,624)</u>	<u>(724)</u>
Net Change in Fund Balance	<u>\$ (4,320)</u>	<u>\$ 2,280</u>	8,216	<u>\$ 5,936</u>
FUND BALANCE - (DEFICIT) Beginning of Year			<u>(86,558)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (78,342)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 50,000	\$ 50,000	\$ 68,719	\$ 18,719
Investment income	-	-	4	4
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>68,723</u>	<u>18,723</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,100	1,100	601	499
Other contractual services	<u>700</u>	<u>500</u>	<u>961</u>	<u>(461)</u>
Total Public Works	<u>1,800</u>	<u>1,600</u>	<u>1,562</u>	<u>38</u>
Total Expenditures	<u>1,800</u>	<u>1,600</u>	<u>1,562</u>	<u>38</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,200</u>	<u>48,400</u>	<u>67,161</u>	<u>18,761</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(36,300)</u>	<u>(34,200)</u>	<u>(34,949)</u>	<u>(749)</u>
Total Other Financing Sources (Uses)	<u>(36,300)</u>	<u>(34,200)</u>	<u>(34,949)</u>	<u>(749)</u>
Net Change in Fund Balance	<u>\$ 11,900</u>	<u>\$ 14,200</u>	32,212	<u>\$ 18,012</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(10,105)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 22,107</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 20,000	\$ 20,000	\$ 11,285	\$ (8,715)
Investment income	462	100	81	(19)
Miscellaneous	18	18	-	(18)
Total Revenues	<u>20,480</u>	<u>20,118</u>	<u>11,366</u>	<u>(8,752)</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,300	1,300	818	482
Other contractual services	<u>2,500</u>	<u>1,800</u>	<u>1,205</u>	<u>595</u>
Total Public Works	<u>3,800</u>	<u>3,100</u>	<u>2,023</u>	<u>1,077</u>
Total Expenditures	<u>3,800</u>	<u>3,100</u>	<u>2,023</u>	<u>1,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,680</u>	<u>17,018</u>	<u>9,343</u>	<u>(7,675)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(53,800)</u>	<u>(47,000)</u>	<u>(48,915)</u>	<u>(1,915)</u>
Total Other Financing Sources (Uses)	<u>(53,800)</u>	<u>(47,000)</u>	<u>(48,915)</u>	<u>(1,915)</u>
Net Change in Fund Balance	<u>\$ (37,120)</u>	<u>\$ (29,982)</u>	(39,572)	<u>\$ (9,590)</u>
FUND BALANCE - Beginning of Year			<u>467,639</u>	
FUND BALANCE - END OF YEAR			<u>\$ 428,067</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 35,000	\$ 35,000	\$ 43,862	\$ 8,862
Investment income	18	4	4	-
Total Revenues	<u>35,018</u>	<u>35,004</u>	<u>43,866</u>	<u>8,862</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,610	1,610	613	997
Other contractual services	<u>400</u>	<u>300</u>	<u>244</u>	<u>56</u>
Total Public Works	<u>2,010</u>	<u>1,910</u>	<u>857</u>	<u>1,053</u>
Total Expenditures	<u>2,010</u>	<u>1,910</u>	<u>857</u>	<u>1,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,008</u>	<u>33,094</u>	<u>43,009</u>	<u>9,915</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(36,400)</u>	<u>(32,100)</u>	<u>(32,079)</u>	<u>21</u>
Total Other Financing Sources (Uses)	<u>(36,400)</u>	<u>(32,100)</u>	<u>(32,079)</u>	<u>21</u>
Net Change in Fund Balance	<u>\$ (3,392)</u>	<u>\$ 994</u>	10,930	<u>\$ 9,936</u>
FUND BALANCE - Beginning of Year			<u>15,026</u>	
FUND BALANCE - END OF YEAR			<u>\$ 25,956</u>	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 5,000	\$ 5,000	\$ 2,989	\$ (2,011)
Investment income	212	80	61	(19)
Total Revenues	<u>5,212</u>	<u>5,080</u>	<u>3,050</u>	<u>(2,030)</u>
EXPENDITURES				
PUBLIC WORKS				
Maintenance services	5,000	5,000	1,563	3,437
Professional services	10,820	10,820	824	9,996
Other contractual services	1,600	1,400	1,336	64
Other	-	-	129	(129)
Total Public Works	<u>17,420</u>	<u>17,220</u>	<u>3,852</u>	<u>13,368</u>
Total Expenditures	<u>17,420</u>	<u>17,220</u>	<u>3,852</u>	<u>13,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,208)</u>	<u>(12,140)</u>	<u>(802)</u>	<u>11,338</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(54,600)</u>	<u>(46,200)</u>	<u>(45,114)</u>	<u>1,086</u>
Total Other Financing Sources (Uses)	<u>(54,600)</u>	<u>(46,200)</u>	<u>(45,114)</u>	<u>1,086</u>
Net Change in Fund Balance	<u>\$ (66,808)</u>	<u>\$ (58,340)</u>	(45,916)	<u>\$ 12,424</u>
FUND BALANCE - Beginning of Year			<u>371,585</u>	
FUND BALANCE - END OF YEAR			<u>\$ 325,669</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 234,218	\$ 234,218	\$ 240,012	\$ 5,794
Investment income	100	100	31	(69)
Total Revenues	<u>234,318</u>	<u>234,318</u>	<u>240,043</u>	<u>5,725</u>
EXPENDITURES				
DEBT SERVICE				
Principal	95,000	95,000	95,000	-
Interest	<u>139,568</u>	<u>139,668</u>	<u>139,668</u>	-
Total Debt Service	<u>234,568</u>	<u>234,668</u>	<u>234,668</u>	-
Total Expenditures	<u>234,568</u>	<u>234,668</u>	<u>234,668</u>	-
Net Change in Fund Balance	<u>\$ (250)</u>	<u>\$ (350)</u>	5,375	<u>\$ 5,725</u>
FUND BALANCE - Beginning of Year			<u>166,039</u>	
FUND BALANCE - END OF YEAR			<u>\$ 171,414</u>	

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 150	\$ 30	\$ 19	\$ (11)
Total Revenues	150	30	19	(11)
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,170	1,170	1,170	-
Total Expenditures	1,170	1,170	1,170	-
Excess (deficiency) of revenues over (under) expenditures	(1,020)	(1,140)	(1,151)	(11)
OTHER FINANCING SOURCES (USES)				
Transfers out	(60,300)	(54,200)	(54,268)	(68)
Total Other Financing Sources (Uses)	(60,300)	(54,200)	(54,268)	(68)
Net Change in Fund Balance	\$ (61,320)	\$ (55,340)	(55,419)	\$ (79)
FUND BALANCE - Beginning of Year			137,464	
FUND BALANCE - END OF YEAR			\$ 82,045	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SALES TAX NON-HOME RULE - NONMAJOR CAPITAL
 PROJECTS FUND
 For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(254,718)	(254,718)
Total Other Financing Sources (Uses)	-	-	(254,718)	(254,718)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(254,718)	<u>\$ (254,718)</u>
FUND BALANCE - Beginning of Year			<u>254,718</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 871,267	\$ 871,267	\$ 630,511	\$ (240,756)
Investment income	1,167	1,167	291	(876)
Total Revenues	<u>872,434</u>	<u>872,434</u>	<u>630,802</u>	<u>(241,632)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	78,470	78,470	35,721	42,749
Service charges and fees	850	850	850	-
Other contractual services	<u>600,000</u>	<u>600,000</u>	-	<u>600,000</u>
Total General Government	<u>679,320</u>	<u>679,320</u>	<u>36,571</u>	<u>642,749</u>
DEBT SERVICE				
Principal	345,000	345,000	345,000	-
Interest	<u>99,665</u>	<u>99,665</u>	<u>99,665</u>	-
Total Debt Service	<u>444,665</u>	<u>444,665</u>	<u>444,665</u>	-
Total Expenditures	<u>1,123,985</u>	<u>1,123,985</u>	<u>481,236</u>	<u>642,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(251,551)</u>	<u>(251,551)</u>	<u>149,566</u>	<u>401,117</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(116,100)</u>	<u>(137,600)</u>	<u>(131,906)</u>	<u>5,694</u>
Total Other Financing Sources (Uses)	<u>(116,100)</u>	<u>(137,600)</u>	<u>(131,906)</u>	<u>5,694</u>
Net Change in Fund Balance	<u>\$ (367,651)</u>	<u>\$ (389,151)</u>	17,660	<u>\$ 406,811</u>
FUND BALANCE - Beginning of Year			<u>1,901,135</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,918,795</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - ROAD CONSTRUCTION DEBT - MAJOR DEBT SERVICE
FUND
For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property	\$ 942,364	\$ 942,364	\$ 1,251,289	\$ 308,925
Investment income	-	-	3	3
Total Revenues	<u>942,364</u>	<u>942,364</u>	<u>1,251,292</u>	<u>308,928</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Service charges and fees	<u>350</u>	<u>2,400</u>	<u>1,850</u>	<u>550</u>
Total General Government	<u>350</u>	<u>2,400</u>	<u>1,850</u>	<u>550</u>
DEBT SERVICE				
Principal	485,000	485,000	585,000	(100,000)
Interest	<u>357,364</u>	<u>357,364</u>	<u>357,364</u>	<u>-</u>
Total Debt Service	<u>842,364</u>	<u>842,364</u>	<u>942,364</u>	<u>(100,000)</u>
Total Expenditures	<u>842,714</u>	<u>844,764</u>	<u>944,214</u>	<u>(99,450)</u>
Net Change in Fund Balance	<u>\$ 99,650</u>	<u>\$ 97,600</u>	307,078	<u>\$ 209,478</u>
FUND BALANCE - Beginning of Year			<u>242,291</u>	
FUND BALANCE - END OF YEAR			<u>\$ 549,369</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 2,500	\$ 1,250	\$ 747	\$ (503)
Total Revenues	<u>2,500</u>	<u>1,250</u>	<u>747</u>	<u>(503)</u>
EXPENDITURES				
CAPITAL OUTLAY				
Capital outlay	<u>4,792,470</u>	<u>4,713,470</u>	<u>3,712,048</u>	<u>1,001,422</u>
Total Expenditures	<u>4,792,470</u>	<u>4,713,470</u>	<u>3,712,048</u>	<u>1,001,422</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(404,000)</u>	<u>(360,000)</u>	<u>(351,870)</u>	<u>8,130</u>
Total Other Financing Sources (Uses)	<u>(404,000)</u>	<u>(360,000)</u>	<u>(351,870)</u>	<u>8,130</u>
Net Change in Fund Balance	<u>\$ (5,193,970)</u>	<u>\$ (5,072,220)</u>	(4,063,171)	<u>\$ 1,009,049</u>
FUND BALANCE - Beginning of Year			<u>5,265,185</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,202,014</u>	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 144	\$ 8	\$ 5	\$ (3)
Miscellaneous	-	-	17,000	17,000
Total Revenues	<u>144</u>	<u>8</u>	<u>17,005</u>	<u>16,997</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	301,920	301,920	48,402	253,518
Service charges and fees	-	-	350	(350)
Other contractual services	<u>25,800</u>	<u>29,900</u>	<u>29,813</u>	<u>87</u>
Total General Government	<u>327,720</u>	<u>331,820</u>	<u>78,565</u>	<u>253,255</u>
DEBT SERVICE				
Interest	<u>169,688</u>	<u>169,688</u>	<u>169,688</u>	<u>-</u>
Total Debt Service	<u>169,688</u>	<u>169,688</u>	<u>169,688</u>	<u>-</u>
Total Expenditures	<u>497,408</u>	<u>501,508</u>	<u>248,253</u>	<u>253,255</u>
Net Change in Fund Balance	<u>\$ (497,264)</u>	<u>\$ (501,500)</u>	(231,248)	<u>\$ 270,252</u>
FUND BALANCE - Beginning of Year			<u>3,196,657</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,965,409</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL WATER - MAJOR ENTERPRISE FUND For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for service	\$ <u>777,983</u>	\$ <u>767,903</u>	\$ <u>780,288</u>	\$ <u>12,385</u>
Total Operating Revenues	<u>777,983</u>	<u>767,903</u>	<u>780,288</u>	<u>12,385</u>
OPERATING EXPENSES				
Operations and maintenance				
Salaries	69,475	70,176	78,890	(8,714)
Insurance benefits	23,061	22,019	22,118	(99)
Pension benefits	15,554	16,366	16,336	30
Maintenance services	34,000	34,000	15,059	18,941
Professional services	59,130	59,130	31,649	27,481
Communications	5,000	5,000	4,036	964
Professional development	4,050	4,050	2,937	1,113
Service charges and fees	316,600	316,600	261,940	54,660
Other contractual services	30,400	34,600	31,940	2,660
General supplies	11,000	18,000	13,130	4,870
Other	<u>-</u>	<u>7,250</u>	<u>7,250</u>	<u>-</u>
Total operations and maintenance	<u>568,270</u>	<u>587,191</u>	<u>485,285</u>	<u>101,906</u>
Depreciation expense	<u>125,000</u>	<u>125,000</u>	<u>117,833</u>	<u>7,167</u>
Total Operating Expenses	<u>693,270</u>	<u>712,191</u>	<u>603,118</u>	<u>109,073</u>
Operating Income	<u>84,713</u>	<u>55,712</u>	<u>177,170</u>	<u>121,458</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	3,000	3,000	3,291	291
Debt service	<u>(31,510)</u>	<u>(31,510)</u>	<u>(31,509)</u>	<u>1</u>
Total Non-Operating Revenues (Expenses)	<u>(28,510)</u>	<u>(28,510)</u>	<u>(28,218)</u>	<u>292</u>
Net Income Before Transfers	<u>56,203</u>	<u>27,202</u>	<u>148,952</u>	<u>121,750</u>

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
 WATER - MAJOR ENTERPRISE FUND
 For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TRANSFERS				
Transfers out	\$ <u>(160,000)</u>	\$ <u>(160,000)</u>	\$ <u>(181,605)</u>	\$ <u>(21,605)</u>
Net Transfers	<u>(160,000)</u>	<u>(160,000)</u>	<u>(181,605)</u>	<u>(21,605)</u>
 Change in net position	 \$ <u>(103,797)</u>	 \$ <u>(132,798)</u>	 (32,653)	 \$ <u>100,145</u>
 NET POSITION - Beginning of Year			 \$ <u>4,877,017</u>	
 NET POSITION - END OF YEAR			 \$ <u>4,844,364</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL PARKING - MAJOR ENTERPRISE FUND For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ <u>58,000</u>	\$ <u>58,000</u>	\$ <u>65,749</u>	\$ <u>7,749</u>
Total Operating Revenues	<u>58,000</u>	<u>58,000</u>	<u>65,749</u>	<u>7,749</u>
OPERATING EXPENSES				
Operations and Maintenance				
Maintenance services	7,000	20,000	17,814	2,186
Professional services	1,270	2,170	2,001	169
Service charges and fees	11,000	11,000	8,812	2,188
Other contractual services	22,763	23,063	21,897	1,166
Maintenance supplies	500	500	-	500
General supplies	2,000	2,000	674	1,326
Other	<u>105</u>	<u>105</u>	<u>-</u>	<u>105</u>
Total operations and maintenance	<u>44,638</u>	<u>58,838</u>	<u>51,198</u>	<u>7,640</u>
Depreciation expense	<u>32,316</u>	<u>32,316</u>	<u>32,136</u>	<u>180</u>
Total Operating Expenses	<u>76,954</u>	<u>91,154</u>	<u>83,334</u>	<u>7,820</u>
Operating (Loss)	<u>(18,954)</u>	<u>(33,154)</u>	<u>(17,585)</u>	<u>15,569</u>
NON-OPERATING REVENUES				
Investment income	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Net Loss Before Transfers	<u>(18,954)</u>	<u>(33,154)</u>	<u>(17,583)</u>	<u>15,571</u>
TRANSFERS				
Transfers out	\$ <u>(21,000)</u>	\$ <u>(21,000)</u>	\$ <u>(28,597)</u>	\$ <u>(7,597)</u>
Net Transfers	<u>(21,000)</u>	<u>(21,000)</u>	<u>(28,597)</u>	<u>(7,597)</u>
Change in net position	\$ <u>(39,954)</u>	\$ <u>(54,154)</u>	(46,180)	\$ <u>7,974</u>
NET POSITION - Beginning of Year			<u>334,730</u>	
NET POSITION - END OF YEAR			<u>\$ 288,550</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION - BUDGET AND
ACTUAL
POLICE - PENSION TRUST FUND
For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Additions				
Contributions				
Employer	\$ 572,452	\$ 619,473	\$ 619,990	\$ 517
Plan members	<u>159,644</u>	<u>159,644</u>	<u>181,008</u>	<u>21,364</u>
Total contributions	<u>732,096</u>	<u>779,117</u>	<u>800,998</u>	<u>21,881</u>
Investment Income				
Interest and dividends	205,644	205,644	203,231	(2,413)
Net appreciation (depreciation) in fair value of investments	<u>278,361</u>	<u>278,361</u>	<u>553,743</u>	<u>275,382</u>
Total investment income	484,005	484,005	756,974	272,969
Less Investment expense	<u>16,000</u>	<u>16,000</u>	<u>22,647</u>	<u>6,647</u>
Net investment income	<u>468,005</u>	<u>468,005</u>	<u>734,327</u>	<u>266,322</u>
Total additions	<u>1,200,101</u>	<u>1,247,122</u>	<u>1,535,325</u>	<u>288,203</u>
Deductions				
Professional fees	32,500	32,500	19,035	13,465
State filing fee	2,500	2,500	-	2,500
Disability benefits	150,500	106,000	105,273	727
Pension benefits	165,743	169,000	192,578	(23,578)
Other	<u>2,500</u>	<u>2,500</u>	<u>2,096</u>	<u>404</u>
Total deductions	<u>353,743</u>	<u>312,500</u>	<u>318,982</u>	<u>(6,482)</u>
Change in net position	<u>\$ 846,358</u>	<u>\$ 934,622</u>	1,216,343	<u>\$ 281,721</u>
Net position, beginning of year			<u>10,301,986</u>	
Net position, end of year			<u>\$ 11,518,329</u>	

CITY OF PROSPECT HEIGHTS

PALATINE/MILWAUKEE TIF LOAN SERIES 2004
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2014

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>	Requirements		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 1,765,000	\$ 222,175	\$ 1,987,175

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2008
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2014

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>
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	\$ 1,495,000	\$ 378,181	\$ 1,873,181

CITY OF PROSPECT HEIGHTS

SPECIAL SERVICE AREA #6 BONDS SERIES 2009 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2014

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>
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	112,142	237,142
2020	135,000	105,517	240,517
2021	140,000	98,363	238,363
2022	150,000	90,383	240,383
2023	160,000	81,833	241,833
2024	170,000	72,712	242,712
2025	180,000	62,512	242,512
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	\$ 2,340,000	\$ 1,264,938	\$ 3,604,938

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2010 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2014

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>
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	\$ 665,000	\$ 198,060	\$ 863,060

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2011A
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2014

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>
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	\$ 4,550,000	\$ 1,302,374	\$ 5,852,374

CITY OF PROSPECT HEIGHTS

TAXABLE REFUNDING DEBT CERTIFICATES SERIES 2011B
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2014

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>
2015	\$ -	\$ 169,688	\$ 169,688
2016	<u>5,430,000</u>	<u>169,688</u>	<u>5,599,688</u>
TOTAL	<u><u>\$ 5,430,000</u></u>	<u><u>\$ 339,376</u></u>	<u><u>\$ 5,769,376</u></u>

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2012
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
APRIL 30, 2014

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>
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	\$ 4,690,000	\$ 767,843	\$ 5,457,843

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2013 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2014

Date of Contract: April 30, 2013
 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>
2015	\$ 285,000	\$ 168,203	\$ 453,203
2016	360,000	96,933	456,933
2017	360,000	89,733	449,733
2018	365,000	82,533	447,533
2019	370,000	75,233	445,233
2020	380,000	67,833	447,833
2021	385,000	60,233	445,233
2022	390,000	52,533	442,533
2023	400,000	44,733	444,733
2024	410,000	36,733	446,733
2025	420,000	28,534	448,534
2026	430,000	20,134	450,134
2027	445,000	10,459	455,459
TOTAL	\$ 5,000,000	\$ 833,827	\$ 5,833,827

City of Prospect Heights

Index for Statistical Section
April 30, 2014

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.

<u>Contents</u>	<u>Page (s)</u>
------------------------	------------------------

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 Position - Last Ten Fiscal Years	117
Schedule of Changes in Net Position - Last Ten Fiscal Years	118-119
Program Revenues by Function/Program - Last Ten Years	120
Fund Balances - Governmental Funds - Last Ten Fiscal Years	121
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	122-123

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	124
Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years	125
Direct and Overlapping Property Tax Rates - Last Ten Levy Years	126-127
Principal Property Tax Payers - Current Year and Nine Years Ago	128
Sales Tax by Category - Last Ten Calendar Years	129
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	130
Property Tax Levies and Collections - Last Ten Levy Years	131
Property Tax Levies and Collections by Taxing Area - Last Ten Levy Years	132

(Continued)

City of Prospect Heights

Index for Statistical Section (Continued)

April 30, 2013

<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	133
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	134
Direct and Overlapping Governmental Activities Debt	135
Legal Debt Margin Information - Last Ten Fiscal Years	136
Pledged-Revenue Coverage - Last Ten Fiscal Years	137
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	138
Principal Employers - Current Year and Nine Years Ago	139
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	140
Operating Indicators by Function / Program - Last Ten Fiscal Years	141-142
Capital Asset Statistics by Function / Program - Last Ten Fiscal Years	143

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 POSITION Last Ten Fiscal Years

Fiscal Year Ended April 30th	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 20,972,145	\$ 20,725,620	\$ 19,093,542	\$ 20,236,294	\$ 17,827,678	\$ 17,505,641	\$ 16,968,210	\$ 16,599,408	\$ 15,382,392	\$ 14,535,816
Restricted	527,036	381,740	10,833,196	4,364,075	6,105,434	6,274,195	6,346,248	5,597,845	4,479,708	4,916,572
Unrestricted	<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>	<u>2,714,558</u>	<u>6,085,044</u>
Total governmental activities net position	\$ <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>	\$ <u>22,576,658</u>	\$ <u>25,537,432</u>
Business-type activities										
Net investment in capital assets	\$ 2,279,502	\$ 2,183,941	\$ 2,088,380	\$ 2,008,657	\$ 3,807,860	\$ 3,828,488	\$ 4,016,858	\$ 4,009,527	\$ 3,916,223	\$ 3,816,254
Restricted	68,967	68,967	629,541	112,906	314,191	-	-	-	-	-
Unrestricted	<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>	<u>48,245,908</u>	<u>47,901,097</u>
Total business-type activities net position	\$ <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>	\$ <u>52,162,131</u>	\$ <u>51,717,351</u>
Total City										
Net investment in capital assets	\$ 23,251,647	\$ 22,909,561	\$ 21,181,922	\$ 22,244,951	\$ 21,635,538	\$ 21,334,129	\$ 20,985,068	\$ 20,608,935	\$ 19,298,615	\$ 18,352,070
Restricted	596,003	450,707	11,462,737	4,476,981	6,419,625	6,274,195	6,346,248	5,597,845	4,479,708	4,916,572
Unrestricted	<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>	<u>50,960,466</u>	<u>53,986,141</u>
Total City net position	\$ <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>	\$ <u>74,738,789</u>	\$ <u>77,254,783</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 position that is restricted for enabling legislation.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

SCHEDULE OF CHANGES IN NET POSITION Last Ten Fiscal Years

Fiscal Year Ended April 30th	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 2,436,261	\$ 2,981,986	\$ 3,750,986	\$ 2,732,192	\$ 3,304,442	\$ 3,030,035	\$ 2,860,587	\$ 2,412,558	\$ 2,827,609	\$ 3,015,194
Public safety	3,597,489	3,691,732	3,760,952	4,178,099	4,572,334	4,363,453	4,078,228	2,963,020	4,357,277	4,353,155
Public works	1,672,544	1,543,267	1,666,341	1,974,932	3,870,940	2,105,904	1,710,818	1,945,801	2,029,365	2,206,406
Interest on long-term debt	297,396	473,215	843,691	309,003	1,402,804	742,318	674,241	895,818	803,325	1,097,241
Total governmental activities expenses	8,003,690	8,690,200	10,021,970	9,194,226	13,150,520	10,241,710	9,323,874	8,217,197	10,017,576	10,671,996
Business-type activities:										
Water	387,331	492,534	353,117	388,808	532,353	510,322	1,287,921	600,174	650,693	634,627
Airport	-	-	-	618,055	799,271	-	266,657	-	-	365,947
Parking	98,270	95,726	92,788	88,190	74,485	75,231	64,618	48,259	60,603	83,334
Total business-type activities expenses	485,601	588,260	445,905	1,095,053	1,406,109	585,553	1,619,196	648,433	711,296	1,083,908
Total City expenses	\$ 8,489,291	\$ 9,278,460	\$ 10,467,875	\$ 10,289,279	\$ 14,556,629	\$ 10,827,263	\$ 10,943,070	\$ 8,865,630	\$ 10,728,872	\$ 11,755,904
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 723,248	\$ 730,300	\$ 951,312	\$ 966,243	\$ 1,476,152	\$ 1,884,664	\$ 1,908,177	\$ 2,047,787	\$ 2,126,829	\$ 2,364,357
Public safety	113,951	103,822	87,915	124,482	330,788	455,974	389,228	301,287	505,526	886,793
Operating grants and contributions	621,062	705,677	937,112	693,034	748,505	680,383	988,568	1,175,743	800,285	1,087,223
Capital grants and contributions	-	-	-	50,000	101,613	18,551	2,373	-	-	325,000
Total governmental activities program revenues	1,458,261	1,539,799	1,976,339	1,833,759	2,657,058	3,039,572	3,288,346	3,524,817	3,432,640	4,663,373
Business-type activities:										
Charges for services - water	371,773	369,447	434,643	441,032	516,240	588,885	761,883	710,576	795,663	780,288
Charges for services - parking	41,481	41,935	44,825	46,272	49,928	42,991	53,375	58,038	55,588	65,749
Capital grants and contributions	3,016,905	1,833,249	5,227,835	-	-	902,590	955,781	253,987	288,502	-
Total business-type activities program revenues	3,430,159	2,244,631	5,707,303	487,304	566,168	1,534,466	1,771,039	1,022,601	1,139,753	846,037
Total City program revenues	\$ 4,888,420	\$ 3,784,430	\$ 7,683,642	\$ 2,321,063	\$ 3,223,226	\$ 4,574,038	\$ 5,059,385	\$ 4,547,418	\$ 4,572,393	\$ 5,509,410

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

(Continued)

City of Prospect Heights

SCHEDULE OF CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year Ended April 30th	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (6,545,429)	\$ (7,150,401)	\$ (8,045,631)	\$ (7,360,467)	\$ (10,493,462)	\$ (7,202,138)	\$ (6,035,528)	\$ (4,692,380)	\$ (6,584,936)	\$ (6,008,623)
Business-type activities	2,944,558	1,656,371	5,261,398	(607,749)	(839,941)	948,913	151,843	374,168	428,457	(237,871)
Total government net expense	<u>\$ (3,600,871)</u>	<u>\$ (5,494,030)</u>	<u>\$ (2,784,233)</u>	<u>\$ (7,968,216)</u>	<u>\$ (11,333,403)</u>	<u>\$ (6,253,225)</u>	<u>\$ (5,883,685)</u>	<u>\$ (4,318,212)</u>	<u>\$ (6,156,479)</u>	<u>\$ (6,246,494)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 1,212,537	\$ 1,648,274	\$ 2,418,999	\$ 1,515,968	\$ 2,037,894	\$ 2,100,769	\$ 1,765,557	\$ 1,773,580	\$ 2,121,669	\$ 2,853,719
Local Sales and local use	997,745	1,264,205	546,532	521,432	320,799	282,990	466,376	547,969	540,258	568,819
Utility	1,529,122	1,710,251	1,768,784	1,671,439	1,481,378	1,289,898	1,214,510	1,228,521	1,142,928	1,135,095
Hotel occupancy tax	481,920	640,197	722,974	787,654	589,140	474,657	556,317	678,815	745,932	757,813
Places for eating tax	-	-	-	-	3,544	234,626	233,943	247,236	272,726	301,808
Other	25,964	29,890	32,561	32,343	38,120	39,904	33,272	13,037	83,521	145,210
Intergovernmental										
Income Tax	1,246,811	1,177,520	1,423,381	1,609,310	1,504,248	1,317,403	1,321,848	1,377,307	1,538,101	1,552,422
State Sales Tax	820,204	956,649	907,031	872,099	946,834	836,740	768,926	712,340	734,219	822,982
Other	1,193	1,009	1,097	2,619	1,773	1,606	2,871	3,504	2,491	527,304
Investment earnings	61,782	147,557	374,876	260,192	70,117	10,126	9,660	7,857	18,295	30,600
Insurance proceeds	-	-	1,681,190	190,834	360,224	-	-	524,837	-	-
Miscellaneous	441,659	664,548	395,290	214,394	810,105	839,343	188,606	191,679	113,280	63,423
Impairment of land held for resale	-	-	-	-	-	-	(1,816,589)	-	-	-
Transfers	11,000	58,972	59,612	68,800	43,723	11,845	11,241	134,695	271,897	210,202
Total governmental activities	<u>6,829,937</u>	<u>8,299,072</u>	<u>10,332,327</u>	<u>7,747,084</u>	<u>8,207,899</u>	<u>7,439,907</u>	<u>4,756,538</u>	<u>7,441,377</u>	<u>7,585,317</u>	<u>8,969,397</u>
Business-type activities:										
Investment earnings	2,793	2,858	10,813	10,678	10,858	4,179	3,126	3,496	3,786	3,293
Transfers	(11,000)	(58,972)	(59,612)	(68,800)	(43,723)	(11,845)	(11,241)	(134,695)	(271,897)	(210,202)
Miscellaneous	1,200	-	449	3,100	115,054	16,236	10,629	25,867	35	-
Total business-type activities	<u>(7,007)</u>	<u>(56,114)</u>	<u>(48,350)</u>	<u>(55,022)</u>	<u>82,189</u>	<u>8,570</u>	<u>2,514</u>	<u>(105,332)</u>	<u>(268,076)</u>	<u>(206,909)</u>
Total City	<u>\$ 6,822,930</u>	<u>\$ 8,242,958</u>	<u>\$ 10,283,977</u>	<u>\$ 7,692,062</u>	<u>\$ 8,290,088</u>	<u>\$ 7,448,477</u>	<u>\$ 4,759,052</u>	<u>\$ 7,336,045</u>	<u>\$ 7,317,241</u>	<u>\$ 8,762,488</u>
Governmental activities:										
Special item - cancellation of debt	\$ -	\$ 9,375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special item - sale of land held for resale	-	-	2,620,575	-	-	-	-	-	-	-
Extraordinary item - disaster loss	-	-	(906,063)	-	-	-	-	-	-	-
Business-type activities:										
Capital contributed	\$ -	\$ -	\$ -	\$ -	\$ 1,909,451	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	284,508	10,523,671	4,001,208	386,617	(2,285,563)	237,769	(1,278,990)	2,748,997	1,000,381	2,960,774
Business-type activities	2,937,551	1,600,257	5,213,048	(662,771)	1,151,699	957,483	154,357	268,836	160,381	(444,780)
Total City	<u>\$ 3,222,059</u>	<u>\$ 12,123,928</u>	<u>\$ 9,214,256</u>	<u>\$ (276,154)</u>	<u>\$ (1,133,864)</u>	<u>\$ 1,195,252</u>	<u>\$ (1,124,633)</u>	<u>\$ 3,017,833</u>	<u>\$ 1,160,762</u>	<u>\$ 2,515,994</u>

(Concluded)

City of Prospect Heights

PROGRAM REVENUES BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year Ended April 30th	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
Governmental activities:										
General government	\$ 838,022	\$ 931,773	\$ 1,293,139	\$ 1,145,805	\$ 1,737,037	\$ 2,049,179	\$ 2,041,741	\$ 2,400,820	\$ 2,348,316	\$ 2,510,429
Public safety	113,951	103,822	87,915	201,472	464,784	550,209	731,202	498,135	604,721	1,290,628
Public works	<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>	<u>479,603</u>	<u>862,316</u>
Subtotal governmental activities	<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>	<u>3,432,640</u>	<u>4,663,373</u>
Business-type activities:										
Water	371,773	369,447	434,643	441,032	516,240	588,885	1,717,664	710,576	795,663	780,288
Airport	3,016,905	1,833,249	5,227,835	-	-	902,590	-	253,987	288,502	-
Parking	<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>	<u>55,588</u>	<u>65,749</u>
Subtotal business-type activities	<u>3,430,159</u>	<u>2,244,631</u>	<u>5,707,303</u>	<u>487,304</u>	<u>566,168</u>	<u>1,534,466</u>	<u>1,771,039</u>	<u>1,022,601</u>	<u>1,139,753</u>	<u>846,037</u>
Total City	<u>\$ 4,888,420</u>	<u>\$ 3,784,430</u>	<u>\$ 7,592,520</u>	<u>\$ 2,321,063</u>	<u>\$ 3,223,226</u>	<u>\$ 4,574,038</u>	<u>\$ 5,059,385</u>	<u>\$ 4,547,418</u>	<u>\$ 4,572,393</u>	<u>\$ 5,509,410</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.

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 527,036	\$ 381,740	\$ 1,806,516	\$ 824,307	\$ 773,642	\$ 757,522	\$ 852,747	\$ -	\$ -	\$ -
Unreserved	(50,366)	182,535	(328,375)	2,251,267	1,590,502	1,551,060	2,192,883	-	-	-
Nonspendable	-	-	-	-	-	-	-	571,418	581,238	1,006,087
Restricted	-	-	-	-	-	-	-	204,793	16,400	36,217
Committed	-	-	-	-	-	-	-	1,598,657	1,896,721	1,935,777
Assigned	-	-	-	-	-	-	-	160,984	207,071	7,276,612
Unassigned	-	-	-	-	-	-	-	3,660,530	5,839,621	1,883,135
Total General Fund	476,670	564,275	1,478,141	3,075,574	2,364,144	2,308,582	3,045,630	6,196,382	8,541,051	12,137,828
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	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	(1,257,425)	(1,216,025)	679,693	(458,260)	185,411	261,512	259,171	-	-	-
Non-Spendable	-	-	-	-	-	-	-	-	36,314	34,229
Restricted	-	-	-	-	-	-	-	11,277,733	10,178,801	6,465,481
Committed	-	-	-	-	-	-	-	258,413	345,985	381,867
Assigned	-	-	-	-	-	-	-	3,482,838	3,449,314	2,965,409
Unassigned	-	-	-	-	-	-	-	(624,594)	(378,965)	(286,499)
Total all other governmental funds	2,949,982	16,831,918	11,456,986	9,050,401	10,733,709	11,275,506	9,627,591	14,394,390	13,631,449	9,560,487
Total	\$ 3,426,652	\$ 17,396,193	\$ 12,935,127	\$ 12,125,975	\$ 13,097,853	\$ 13,584,088	\$ 12,673,221	\$ 20,590,772	\$ 22,172,500	\$ 21,698,315

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	2005	2006	2007	2008
Revenues				
Taxes ⁽¹⁾	\$ 4,247,288	\$ 5,292,817	\$ 5,489,850	\$ 4,528,836
Intergovernmental ⁽²⁾	2,182,982	2,336,651	2,764,458	2,740,580
Licenses	479,974	356,564	507,320	450,572
Fines and forfeits	113,951	103,822	87,915	87,720
Charges for services	491,065	575,587	443,992	555,188
Interest income	61,782	147,557	374,876	260,192
Miscellaneous	201,868	447,067	383,842	214,394
Total revenues	7,778,910	9,260,065	10,052,253	8,837,482
Expenditures				
General government	2,219,392	3,083,155	3,773,146	2,414,024
Public safety	3,557,498	3,767,320	3,734,543	4,085,050
Public works	864,583	764,615	916,344	1,038,272
Capital outlay	72,374	53,350	2,178,240	3,203,202
Debt service				
Principal	288,535	-	10,126,082	595,000
Interest	297,396	648,215	843,691	309,003
Debt issuance costs	-	214,502	55,599	42,500
Total expenditures	7,299,778	8,531,157	21,627,645	11,687,051
Excess of revenues over (under) expenditures	479,132	728,908	(11,575,392)	(2,849,569)
Impairment of land held for resale	-	-	-	-
Other Financing Sources (Uses)				
Proceeds from borrowing	-	13,724,310	2,248,786	2,045,000
Proceeds from insurance recovery	-	-	1,681,190	190,834
Premium on GO Debt issued	-	-	-	-
Transfers in	465,788	580,775	2,935,706	7,107,673
Transfers out	(454,788)	(521,803)	(2,876,094)	(7,038,873)
Total other financing sources (uses)	11,000	13,783,282	3,989,588	2,304,634
Special item				
Gain on sale of land	-	-	2,620,575	-
Net change in fund balances	\$ 490,132	\$ 14,512,190	\$ (4,965,229)	\$ (544,935)
Debt service as a percentage of noncapital expenditures	8.1%	8.2%	57.2%	10.3%

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

(1) Taxes include property, local sales, use, utility, hotel, road and bridge, auto rental, and places for eating tax.

(2) Intergovernmental includes state sales tax, income tax, personal property replacement tax, Glenview shared Revenue, Motor Fuel, Grants, and DEA Seizure revenue. Note: 2004 sales tax amounts are included in the taxes line item

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

	2009	2010	2011	2012	2013	2014
\$	4,470,875	\$ 4,422,844	\$ 4,269,975	\$ 4,489,158	\$ 4,907,034	\$ 5,762,464
	2,847,736	2,414,499	2,569,183	3,112,744	2,853,609	4,168,859
	475,530	877,534	851,454	887,172	844,911	1,063,648
	309,674	432,094	376,583	256,814	467,308	849,736
	1,021,736	1,031,010	1,069,368	1,169,635	1,309,694	1,324,293
	70,117	10,126	9,660	7,857	18,295	30,600
	810,105	840,626	183,469	908,119	360,742	222,968
	<u>10,005,773</u>	<u>10,028,733</u>	<u>9,329,692</u>	<u>10,831,499</u>	<u>10,761,593</u>	<u>13,422,568</u>
	3,212,292	2,872,824	2,724,788	2,324,123	2,681,900	2,891,222
	4,255,123	3,962,324	3,744,385	3,347,253	4,015,241	4,164,469
	1,170,516	723,685	578,591	938,495	807,717	905,608
	2,969,541	844,958	12,428	5,001,238	5,328,497	4,099,039
	7,253,228	1,315,000	1,440,000	5,611,727	766,421	1,201,421
	1,023,517	483,734	450,422	1,367,351	903,898	845,196
	207,341	-	-	-	-	-
	<u>20,091,558</u>	<u>10,202,525</u>	<u>8,950,614</u>	<u>18,590,187</u>	<u>14,503,674</u>	<u>14,106,955</u>
	<u>(10,085,785)</u>	<u>(173,792)</u>	<u>379,078</u>	<u>(7,758,688)</u>	<u>(3,742,081)</u>	<u>(684,387)</u>
	-	-	1,816,589	-	-	-
	10,160,305	282,107	-	15,541,544	5,000,000	-
	360,224	-	-	-	-	-
	-	-	-	-	51,912	-
	865,872	1,120,214	600,760	2,010,488	2,486,746	2,140,433
	<u>(822,149)</u>	<u>(1,108,369)</u>	<u>(589,519)</u>	<u>(1,875,793)</u>	<u>(2,214,849)</u>	<u>(1,930,231)</u>
	<u>10,564,252</u>	<u>293,952</u>	<u>11,241</u>	<u>15,676,239</u>	<u>5,323,809</u>	<u>210,202</u>
	-	-	-	-	-	-
\$	<u>478,467</u>	<u>120,160</u>	<u>(1,426,270)</u>	<u>7,917,551</u>	<u>1,581,728</u>	<u>(474,185)</u>
	50.2%	18.2%	21.3%	37.7%	17.7%	22.6%

City of Prospect Heights

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS Last Ten Fiscal Years

Fiscal Year Ended April 30 th	Property	Income	(3) Local Use	State Sales	Non-Home Rule Sales(1)	Utility	Telecom	Motor Fuel	Hotel	Places for Eating (2)	Other (4)	Total
2005	\$ 1,212,537	\$ 1,246,811	\$ 177,541	\$ 820,204	\$ -	\$ 722,053	\$ 807,069	\$ 506,288	\$ 481,920	\$ -	\$ 27,157	\$ 6,001,580
2006	1,648,274	1,177,520	124,577	956,649	182,979	824,245	886,006	504,204	640,197	-	30,899	6,975,550
2007	2,418,999	1,423,381	221,650	907,031	324,882	729,859	1,038,925	504,163	722,974	-	33,658	8,325,522
2008	1,515,968	1,609,310	217,261	872,099	304,171	778,801	892,638	486,482	787,654	-	34,962	7,499,346
2009	2,037,894	1,504,248	47,685	946,834	273,114	696,820	784,558	455,237	589,140	3,544	39,893	7,378,967
2010	2,100,769	1,317,403	31,785	836,740	251,205	596,655	693,243	440,184	474,657	234,626	41,510	7,018,777
2011	1,765,557	1,321,848	190,408	768,926	275,968	617,393	597,117	515,403	556,317	233,943	36,143	6,879,023
2012	1,773,580	1,377,307	277,752	712,340	270,217	565,924	662,597	482,202	678,815	247,236	16,514	7,064,484
2013	2,121,669	1,538,101	260,876	734,219	279,382	577,463	565,465	464,753	745,932	272,726	86,012	7,646,598
2014	2,853,719	1,552,422	285,205	822,982	283,614	622,567	512,528	537,316	757,813	301,808	638,478	9,168,452

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.
- (3) The Local Use amount includes the state sales tax amount. The information to restate the financials is not available for FY2004.
- (4) Other includes Airport Sharing sales tax revenues with the Village of Wheeling

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

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
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	440,623,173	59,082,360	19,118,359	-	440,623,173	0.162	1,323,192,712
2012	326,698,695	53,355,167	17,279,177	-	397,333,039	0.319	1,193,192,309
2013 (1)	N/A	N/A	N/A	N/A	331,710,999	0.498	996,129,126

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.

(1) Levy year 2013 detailed tax information is not available as the preparation of this report

N/A - Information not yet available.

Data Source

Cook County Tax Extension Office

City of Prospect Heights

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Levy Years*

Name of Taxing Entity/Levy Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
CITY DIRECT RATES										
Police Pension & Roads	\$ 0.048	\$ 0.047	\$ 0.051	\$ 0.045	\$ 0.045	\$ 0.046	\$ 0.054	\$ 0.162	\$ 0.319	\$ 0.498
TOTAL DIRECT RATES	\$ 0.048	\$ 0.047	\$ 0.051	\$ 0.045	\$ 0.045	\$ 0.046	\$ 0.054	\$ 0.162	\$ 0.319	\$ 0.498
OVERLAPPING RATES										
County of Cook	\$ 0.593	\$ 0.533	\$ 0.500	\$ 0.446	\$ 0.415	\$ 0.394	\$ 0.423	\$ 0.462	\$ 0.531	\$ 0.560
Forest Preserve District of Cook County	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	0.063	0.069
Metropolitan Water Reclamation District	0.347	0.315	0.284	0.263	0.252	0.261	0.274	0.320	0.370	0.417
Suburban T.B. Sanitarium	0.001	0.005	0.005	-	-	-	-	-	-	-
Consolidated Elections	-	0.014	-	0.012	-	0.021	-	0.025	-	0.031
Northfield Township - General	0.012	0.011	0.011	0.010	0.009	0.010	0.013	0.020	0.024	0.031
Northfield Township - General Assistance	0.006	0.008	0.008	0.008	0.009	0.010	0.011	0.008	0.009	0.008
Northfield Township - Road & Bridge	0.033	0.033	0.035	0.030	0.030	0.031	0.036	0.041	0.046	0.053
Wheeling Township - General	0.042	0.041	0.043	0.038	0.038	0.039	0.043	0.048	0.052	0.056
Wheeling Township - General Assistance	0.009	0.009	0.010	0.009	0.009	0.009	0.005	0.009	0.009	0.010
Wheeling Township - Road & Bridge	0.012	0.012	0.013	0.012	0.012	0.012	0.014	0.015	0.016	0.019
Northfield Woods Sanitary District	0.055	0.053	0.056	0.049	0.049	0.054	0.067	0.079	0.082	0.098
Old Town Sanitary District	0.073	0.071	0.074	0.039	0.015	0.015	0.017	0.020	0.023	0.028
Northwest Mosquito Abatement District	0.009	0.009	0.009	0.008	0.008	0.008	0.009	0.010	0.011	0.013
Arlington Heights Township High School #214	1.818	1.759	1.823	1.621	1.587	1.636	1.839	2.060	2.324	2.768
Northfield Township High School #225	1.516	1.475	1.623	1.403	1.383	1.395	1.609	1.819	2.028	2.341
Harper Community College District #512	0.279	0.281	0.288	0.260	0.256	0.258	0.295	0.334	0.373	0.444
Oakton Community College District #535	0.161	0.158	0.166	0.141	0.140	0.140	0.160	0.196	0.219	0.256
Arlington Heights Park District	0.466	0.453	0.461	0.404	0.379	0.392	0.450	0.496	0.545	0.633
Prospect Heights Park District	0.662	0.640	0.658	0.561	0.544	0.523	0.595	0.661	0.746	0.856
River Trails Park District	0.484	0.480	0.484	0.428	0.422	0.433	0.510	0.553	0.632	0.747
Wheeling Park District	0.521	0.512	0.535	0.492	0.496	0.490	0.571	0.654	0.738	0.899

(Continued)

City of Prospect Heights

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Levy Years

Name of Taxing Entity/Levy Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OVERLAPPING RATES										
Prospect Heights Public Library District	\$ 0.369	\$ 0.410	\$ 0.433	\$ 0.340	\$ 0.337	\$ 0.343	\$ 0.387	\$ 0.437	\$ 0.489	\$ 0.489
Indian Trails Public Library District	0.323	0.312	0.320	0.297	0.308	0.307	0.347	0.393	0.463	0.463
Northbrook Rural Fire Protection District	0.579	0.565	0.586	0.503	0.501	0.552	0.632	0.700	0.700	0.700
Prospect Heights Fire Protection District	0.731	0.767	0.795	0.693	0.677	0.652	0.755	0.845	0.934	0.934
Glenbrook Fire District	0.499	0.484	0.530	0.470	0.470	0.522	0.658	0.703	0.713	0.713
City of Prospect Heights:										
Special Service Area #1	0.308	0.291	0.296	0.190	0.187	0.176	0.200	0.199	0.035	0.035
Special Service Area #2	0.688	0.678	0.692	0.233	0.229	0.229	0.262	0.268	0.895	0.895
Special Service Area #3	0.409	0.393	0.397	0.200	0.196	0.188	0.213	0.180	0.078	0.078
Special Service Area #4	0.268	0.245	0.256	0.189	0.208	0.191	0.239	0.256	0.664	0.664
Special Service Area #5	0.155	0.168	0.173	0.163	0.170	0.112	0.137	0.049	0.012	0.012
Special Service Area #6	-	-	-	-	0.958	0.906	0.984	1.065	1.174	1.174
Special Service Area #8	-	-	-	-	-	-	-	0.278	0.847	0.847
School District #21 - Wheeling	3.262	3.394	3.502	3.154	3.161	3.209	3.658	4.164	4.556	4.556
School District #23 - Prospect Heights	2.987	2.880	2.948	2.418	2.363	2.253	2.571	2.869	3.273	3.273
School District #25 - Arlington Heights	3.156	3.225	3.295	2.890	2.807	2.510	2.813	3.101	3.416	3.416
School District #26 - River Trails	2.948	2.880	3.047	2.698	2.696	2.703	3.131	3.458	3.873	3.873
School District #31 - West Northfield	1.605	1.542	1.624	1.405	1.402	1.494	1.730	2.018	2.525	2.525

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

Data Source

Cook County Tax Extension Office

(Concluded)

City of Prospect Heights

PRINCIPAL PROPERTY TAX PAYERS Current Year and Nine Years Ago

Taxpayer	At Fiscal Year End April 30, 2014			At Fiscal Year End April 30, 2005		
	2013 Taxable Assessed Value	Rank	Percentage of Total City 2013 Taxable Assessed Value	2005 Taxable Assessed Value	Rank	Percentage of Total City 2005 Taxable Assessed Value
	Jones Lang Lasalle				\$ 11,335,056	1
Frank S. Allgauer	\$ 2,851,995	1	18.42%	3,749,039	3	11.92%
Briarwood Lakes LP	2,674,995	2	17.28%	4,857,684	2	15.44%
Bays Northbrook Hosp C	2,270,863	3	14.67%			
CR Congress LLC	1,902,457	4	12.29%	3,482,950	4	11.07%
Palwaukee Plaza	1,827,255	5	11.80%	2,198,192	5	6.99%
HCP Inc.	1,130,114	6	7.30%			
Voss Bros	916,248	7	5.92%	1,009,997	9	3.21%
TDB Hospitality LLC				1,686,630	6	5.36%
Signature Flight	751,250	8	4.85%	1,155,052	7	3.67%
Prime Care Seven LLC				1,110,855	8	3.53%
Radler Group, Inc.	602,510	9	3.89%	869,794	10	2.77%
Costa Construction Inc.	553,302	10	3.57%			
Total assessed valuation	\$ 15,480,989		100.00%	\$ 31,455,249		100.00%

Data Source

Cook County Tax Extension Office

City of Prospect Heights

SALES TAX BY CATEGORY

Last Ten Calendar Years ⁽¹⁾

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General merchandise ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	115,348	107,807	117,040	130,081	101,964	106,410	121,171	152,351	133,768	144,027
Drinking and eating places	167,553	162,939	179,261	258,559	218,555	166,615	145,295	152,708	154,219	174,266
Apparel	39,136	41,062	33,454	26,387	20,217	10,995	6,661	6,380	6,416	-
Furniture and H.H. and radio	23,363	24,486	28,419	28,865	28,000	27,652	28,087	28,024	26,104	24,330
Lumber, building, hardware ⁽²⁾	-	-	-	-	6,412	5,158	10,862	10,067	10,028	11,654
Automobile and filling stations	111,810	119,276	131,520	116,800	113,253	86,444	91,788	97,985	94,981	114,943
Drugs and miscellaneous retail	165,487	200,533	203,064	208,103	215,253	176,769	205,095	210,793	216,589	202,437
Agriculture and all others	188,383	200,449	201,553	79,979	86,851	83,280	54,882	51,930	51,254	56,541
Manufacturers ⁽²⁾	9,872	7,411	4,559	4,371	-	-	-	-	-	6,486
Unclassified ⁽²⁾	11,249	12,459	13,461	14,408	15,046	14,945	15,816	19,442	18,075	18,710
TOTAL	\$ 832,201	\$ 876,422	\$ 912,331	\$ 867,553	\$ 805,551	\$ 678,268	\$ 679,656	\$ 729,680	\$ 711,434	\$ 753,394
CITY'S DIRECT SALES TAX RATE	1.00%									
NUMBER OF TAXPAYERS	329	363	386	375	304	292	276	269	292	288

Notes:

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

⁽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
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
2013	1.00	0.50	5.25	0.75	1.00	8.50
2014	1.00	0.50	5.25	0.75	1.00	8.50

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
2005	2004	\$ 453,542	\$ 441,780	97.4	\$ (3,168)	\$ 438,612	96.7
2006	2005	478,697	464,127	97.0	629	464,756	97.1
2007	2006	506,678	418,611	82.6	63,457	482,068	95.1
2008	2007	448,961	417,250	92.9	16,190	433,440	96.5
2009	2008	725,973	684,918	94.3	23,886	708,804	97.6
2010	2009	696,533	566,275	81.3	116,245	682,520	98.0
2011	2010	719,063	691,772	96.2	9,977	701,749	97.6
2012	2011	1,173,647	1,156,270	98.5	2,294	1,158,564	98.7
2013	2012	1,867,308	1,602,032	85.8	244,765	1,846,797	98.9
2014	2013 ⁽¹⁾	2,196,436	939,136	42.8	(0)	939,136	42.8

(1) Levy year 2013 collections reflect first installment only.

Data Source

Cook County Treasurer and City of Prospect Heights Records

City of Prospect Heights

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

Tax levy year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)
City-wide - Police pension	\$ 192,435	\$ 201,453	\$ 220,796	\$ 231,992	\$ 246,774	\$ 250,306	\$ 258,962	\$ 264,465	\$ 274,588	\$ 141,790
Road Bonds	-	-	-	-	-	-	-	437,885	976,749	503,951
Special services area #1	23,372	24,056	24,669	18,623	19,664	20,273	20,996	20,454	33,955	18,489
Special services area #2	33,491	35,318	35,873	13,918	15,192	15,799	16,667	16,230	51,054	26,513
Special services area #3	83,452	85,912	88,365	53,530	57,636	60,320	62,289	51,025	20,481	10,832
Special services area #4	23,569	23,573	17,416	13,821	15,950	15,704	17,150	17,054	35,857	19,809
Special services area #5	82,292	94,444	94,948	101,555	111,716	75,486	78,753	25,993	5,242	2,376
Special services area #6	-	-	-	-	241,872	244,633	246,932	243,661	244,630	124,531
Special services area #8	-	-	-	-	-	-	-	81,796	204,240	90,845
Total collections to date	<u>438,612</u>	<u>464,756</u>	<u>482,068</u>	<u>433,440</u>	<u>708,804</u>	<u>682,520</u>	<u>701,749</u>	<u>1,158,564</u>	<u>1,846,797</u>	<u>939,136</u>
Levy as extended	<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>	<u>1,867,308</u>	<u>2,196,436</u>
Percent collected	96.7%	97.1%	95.1%	96.5%	97.6%	98.0%	97.6%	98.7%	98.9%	42.8%

(1) Levy year 2013 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			
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	17,160,000	2,440,000	-	2,525,000	112,842	765,000	23,002,842	4.75	1,409
2013	21,870,000	2,110,000	-	2,435,000	56,421	715,000	27,186,421	5.72	1,661
2014	21,319,953	1,765,000	-	2,340,000	-	665,000	26,089,953	4.99	1,590

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*.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year Ended April 30th	General Bonded Debt	Less: Amounts Available for General Bonded Debt	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property ⁽¹⁾	Per Capita ⁽²⁾
2005	\$ -	\$ -	\$ -	0.00%	\$ -
2006	13,724,310	-	13,724,310	1.03	838.28
2007	6,003,228	-	6,003,228	0.45	370.20
2008	7,643,228	-	7,643,228	0.48	473.53
2009	7,995,305	-	7,995,305	0.47	498.24
2010	7,450,305	-	7,450,305	0.44	466.84
2011	7,685,305	-	7,685,305	0.52	472.77
2012	17,925,000	-	17,925,000	1.35	1,097.87
2013	22,585,000	242,291	22,342,709	1.87	1,379.91
2014	21,984,953	549,369	21,435,584	2.15	1,339.89

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 2012 estimated actual value of taxable property provided for fiscal year 2013. See *Assessed Value and Actual Value of Taxable Property*, for more property value information.

(2)

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2014

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	\$ 25,424,953	100.000 %	\$ 25,424,953
Total Direct Debt	<u>25,424,953</u>		<u>25,424,953</u>
Cook County	3,690,315,000	0.26 %	9,721,794
Cook County Forest Preserve	188,865,000	0.26 %	497,547
Metropolitan Water Reclamation District ⁽³⁾	2,496,979,231	0.27 %	6,711,056
Arlington Heights Park District ⁽⁴⁾	20,730,121	0.97 %	201,082
Wheeling Park District ⁽⁴⁾	10,200,000	4.32 %	440,930
School District 21 - Wheeling	47,818,852	5.01 %	2,395,724
School District 23 - Prospect Heights	9,628,849	38.56 %	3,712,884
School District 25 - Arlington Heights	5,120,000	0.27 %	13,824
School District 26 - River Trails	12,820,835	10.17 %	1,303,923
School District 31 - West Northfield	1,941,620	2.79 %	54,171
Township High School District 214 - Arlington Heights	67,105,000	4.37 %	2,931,899
Township High School District 225 - Northfield	98,641,772	0.28 %	277,944
Community College District 512 - Harper ⁽⁴⁾	<u>182,990,000</u>	1.83 %	<u>3,351,573</u>
Total Overlapping Debt	<u>6,833,156,280</u>		<u>31,614,352</u>
Total Direct and Overlapping Debt	<u>\$ 6,858,581,233</u>		<u>\$ 57,039,305</u>

(1) Includes all long-term debt instruments of the governmental activities, including bonds, notes, certificates of participation, loans and capital leases.

(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 2013 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.

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Legal debt margin calculation for period ending April 30, 2014</u>										
										\$ 331,710,999
										28,610,074
										<u>21,984,953</u>
										<u>\$ 6,625,121</u>
Assessed value ⁽¹⁾	\$ 357,410,406	\$ 416,852,808	\$ 443,398,275	\$ 447,526,177	\$ 529,056,846	\$ 561,012,029	\$ 557,571,070	\$ 440,623,173	\$ 397,333,039	\$ 331,710,999
Debt limit	30,826,648	35,953,555	38,243,101	38,599,133	45,631,153	48,387,288	48,090,505	38,003,749	34,269,975	28,610,074
Total net debt applicable to limit	<u>-</u>	<u>13,724,310</u>	<u>6,003,228</u>	<u>7,643,228</u>	<u>7,995,305</u>	<u>7,450,305</u>	<u>7,685,305</u>	<u>17,925,000</u>	<u>21,870,000</u>	<u>21,984,953</u>
Legal debt margin	<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>	<u>\$ 12,399,975</u>	<u>\$ 6,625,121</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	38.17%	15.70%	19.80%	17.52%	15.40%	15.98%	47.17%	63.82%	76.84%

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

(1) Assessed value reflects most current information available at end of fiscal year. For example, 2013 assessed value provided for fiscal year 2014.

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Tax Increment Allocation Notes, Series 2004

Fiscal Year Ended April 30th	Incremental Property Taxes and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013	700,571	373,304	327,267	330,000	114,185	0.74
2014	630,802	168,477	462,325	345,000	99,665	1.04

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)
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	16,327	484,764,957	29,691	8.9
2012 (2)	16,367	475,134,010	29,030	9.3
2013	16,408	522,430,720	31,840	7.7

Data Sources

(1) U.S. Census Bureau.

(2) U.S. Census Bureau, Per capita money income in past 12 months (2012 dollars) 2008-2012

(3) Illinois Department of Employment Security (IDES)

City of Prospect Heights

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Fiscal Year Ended April 30, 2014					Fiscal Year Ended April 30, 2005				
Employer	Business/Service	Employees	Percent of Total	Rank	Employer	Business/Service	Employees	Percentage of Total	Rank
School District Number 23	Elementary public schools	208 *	18.7 %	1	Household International, Inc. (HQ)	Loans and Credit	1,100	72.1 %	1
Hilton Hotel and Allgauer's Restaurant	Hotel and restaurant	150 *	13.5 %	2	Siemens Hearing Instruments	Orthopedic appliances, hearing aids	90	5.9 %	2
Ultra Foods	Grocery store	148	13.3 %	3	Doetsch Bros Company	Excavating Contractor	75	4.9 %	3
Prospect Heights Park District	Public parks, recreation 14 full-time, 40 part-time, 85 seasonal	131 *	11.8 %	4	City of Prospect Heights	Municipal government	62	4.1 %	4
Crowne Plaza	Hotel and restaurant	120 *	10.8 %	5	Brighton Gardens	Long-Term Care Facilities	58	3.8 %	5
Emeritus Senior Living	Long Term Care Facilities	101 *	9.1 %	6	Prospect Heights Public Library	Public Library	40	2.6 %	6
Terrance Electric & Technology	Commercial & industrial printing	63 *	5.7 %	7	Banco Popular, Prospect Heights	Commercial Bank	34	2.2 %	7
Prospect Heights Fire Protection Dist.	Fire Protection	57 *	5.1 %	8	Camera Ready Companies	Instant printing	25	1.6 %	8
City of Prospect Heights	Municipal government	49 *	4.4 %	9	Lewis International, Inc.	Retail industrial equipment parts	22	1.4 %	9
House of Music and Entertainment	Restaurant and bar	44	4.0 %	10	Gray Machinery Co.	Industrial machinery & equipment	20	1.3 %	10
Prospect Heights Public Library	Public library	41 *	3.7 %	11					
Total		<u>1,112</u>			Total		<u>1,526</u>		

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

Sources:

Manta.com, Prospect Heights Park District CAFR

City of Prospect Heights

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

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT										
Administration	2.86	3.00	3.00	3.00	2.00	2.00	2.00	2.50	3.00	3.00
Finance	2.50	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50
Building and Zoning	1.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.50	3.50
Engineering	1.00	2.00	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50
PUBLIC SAFETY										
Police Sworn	26.00	26.00	26.00	26.00	26.00	26.00	24.00	21.00	26.00	27.00
Police Civilian	9.00	3.00	3.00	3.00	3.00	2.00	2.50	2.00	3.00	3.50
PUBLIC WORKS										
Administration	1.50	1.50	1.50	1.50	1.50	0.50	-	1.00	1.00	1.00
Streets and Sewers	2.85	2.90	2.90	2.90	3.00	2.00	2.00	2.00	2.00	2.00
Forestry	2.00	0.50	1.50	1.50	1.00	1.00	-	-	-	-
Drainage	1.50	1.50	1.50	1.50	2.00	2.00	1.00	1.00	1.00	1.00
Building Maintenance	1.00	-	-	-	-	-	-	-	-	-
Vehicle Maintenance	1.15	1.10	1.10	1.10	1.00	1.00	1.00	1.00	1.00	1.00
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50
Parking	0.14	-	-	-	-	-	-	-	-	-
Special Service Areas #1-#5	1.00	-	-	-	-	-	-	-	-	-
CONVENTION & VISITORS BUREAU										
	3.00	4.00	4.00	4.00	4.00	5.00	3.00	2.00	-	-
Total	58.00	50.00	50.00	50.00	49.00	47.00	41.00	38.50	44.00	45.50

Data Source

City of Prospect Heights Actual Payroll Fiscal Year End

City of Prospect Heights

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Number of calls	11,862	10,379	12,925	11,354	13,888	8,214	5,847	5,467	5,409	5,597
Part One Offenses ⁽¹⁾	210	219	231	284	202	215	213	206	188	178
Part Two Offenses ⁽²⁾	598	599	602	620	670	614	469	548	723	740
Part One Arrests ⁽¹⁾	21	29	17	51	22	31	13	38	39	34
Part Two Arrests ⁽²⁾	403	393	284	319	289	305	205	280	442	456
Auto Accident investigations	552	655	491	552	502	535	339	268	315	333
Building & Zoning ⁽³⁾										
Building permits issued (residential and commercial)	414	364	312	342	406	360	269	294	351	350
Value of all construction permits issued	\$12,963,194	\$15,532,780	\$12,753,025	\$14,397,295	\$6,836,618	\$4,489,580	\$8,574,513	\$14,171,540	\$11,655,638	\$6,832,633
Plan reviews ⁽⁴⁾	700	680	780	845	948	799	564	625	727	748
Building inspections ⁽⁴⁾	1,700	1,690	1,062	860	1,117	902	774	917	744	777
Rental dwelling inspections ⁽⁴⁾	1,000	1,000	1,047	1,230	1,566	1,615	1,032	1,027	1,132	1,457
Health inspections ⁽⁴⁾	480	480	506	528	534	305	286	349	285	261
Engineering										
Right-of-way permits reviewed	108	93	95	27	43	47	13	38	47	19
Subdivision reviews (number)	2	2	3	1	-	-	1	2	1	-
Road program/street reconstruction (linear feet)	-	2,368	7,076	8,137	-	-	-	45,156	32,090	-
Road program/resurfacing (linear feet)	-	-	-	-	-	-	-	17,057	17,057	48,568
Public works - general										
Streets cold patching (in tons)	14	18	37	55	126	70	66	32	8	10
Streets resurfaced (square yards)	101	277	356	851	-	883	-	107,401	137,901	110,550
Streets cleaned (miles)	17.32	17.32	17.32	17.32	17.32	26.40	31.25	21.40	20.30	21.40
Snow plowing/salting (hours)	362	276	355	893	1,287	953	1,002	519	1,074	1,810
Storm sewers repaired & cleaned (linear feet)	-	3,905	6,750	3,268	1,146	100	40	31,270	4,562	5,294
Service requests (residential and intra-city)	294	216	204	414	622	763	822	2,380	2,106	2,317
JULIE utility locates	1,622	2,255	2,076	1,930	2,405	1,990	2,146	2,204	2,463	2,571
Parkway trees planted	-	4	6	3	1	1	-	-	-	28

(Continued)

City of Prospect Heights

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public works - Water										
Gallons of water billed (in thousands)	44,832	49,057	42,837	42,935	41,599	45,331	47,364	45,079	47,249	47,596
Main break repairs	-	1	1	1	2	1	-	1	2	-
Meters replaced	-	421	63	3	6	-	2	-	-	2
Services initiated	-	-	2	2	119	5	8	1	2	16

(Concluded)

Data Source

City of Prospect Heights departmental records.

NOTES:

- (1) Part One Offenses are defined by the Federal Bureau of Investigation as the statistical measurement that includes murder, armed robbery, robbery, aggravated criminal sexual assault, aggravated assault, theft, auto theft, and arson.
- (2) Part Two Offenses are defined by the Federal Bureau of Investigation as the statistical measurement of all other misdemeanor offenses not included in Part One offenses.
- (3) These statistics are tracked on a calendar year basis. Statistics reported are for the calendar year ending within the fiscal year
- (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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Patrol units	10	10	10	10	10	10	14	14	14	18
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	9.73
Buildings maintained	5	5	5	5	5	5	5	6	6	6
Sanitary sewers (miles)	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35
Storm sewer lift stations	1	2	2	2	2	2	2	2	2	2
Street lights (number)	19	19	19	19	19	19	19	19	19	19
Land maintained (acres)	20.38	20.38	20.38	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Water										
Fire hydrants	90	90	94	94	136	136	146	146	146	146
Valves	99	99	104	104	143	143	153	153	153	153
Pump stations	1	1	1	1	1	1	1	1	1	1
Interconnects	1	1	1	1	1	1	1	1	1	2
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.