



City of Prospect Heights

Fiscal Year 2015-2016 Budget



Front Desk

City of Prospect Heights
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City of Prospect Heights
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Section 1

Transmittal Letter

Stephanie L. Hannon, Finance Director





**MANAGEMENT'S LETTER TO THE
CORPORATE AUTHORITIES OF
THE CITY OF PROSPECT HEIGHTS, ILLINOIS**

April 27, 2015

Dear Mayor Helmer and Council Members:

It is a pleasure to submit to the City Council the proposed budget for the City of Prospect Heights for the Fiscal Year ending April 30, 2016. Primarily due to the efficiency initiatives undertaken in the prior year, the City will enter the Fiscal Year 2015-2016 with a surplus in its operating budget. While the City's revenue profile remains stagnant in the current economy, a continued strong financial position permits the City to maintain predictable levels of service. The proposed budget reflects a continued commitment to maintaining sufficient reserves to cover the City's operating needs, meet long-term financial goals and plan for the growth and development of the City.

The City has benefited from a history of sound financial planning and current initiatives focus more specifically on organizational efficiency, maintaining a stable tax environment, rehabilitating infrastructure and stimulating new development and redevelopment. The City is making progress in many areas; such as, positioning itself to move forward with establishing long-term planning for infrastructure in the Water fund, the sanitary Special Service Areas, and the establishment of a maintenance program for roads. The areas that are still of concern are the need to find a solution to address the property and debt in the Development fund. The City Council and staff have worked diligently to provide for a balanced tax structure with no new taxes proposed and appropriate public safety, infrastructure and general services.

The 2015-2016 budget document follows the same format as previous years and allows the reader to go from a more summarized format to as much detail as desired. It begins with this transmittal letter, which explains the layout of the budget document, as well as an overview of the budget process and the financial impact of the budget.

The Financial Summaries section allows the reader to view the total budget, at a glance, both in chart form and graph form. Other information provided in this section includes

Fund Balance Summaries, graphs and financial summaries of General Fund Revenues and Expenses, historical information on staffing levels, and Debt Service Schedules.

The remainder of the report is broken down into functions (revenues and general government, public safety, and public works expenditures) for the General Fund and then separate tabs for all other funds, with the Special Service Areas being grouped together behind one tab. Within each tab, the goal has been to try to provide budget notes (or highlight) and a Summarized Financial Report for the respective section, followed by the detailed budgets for each account.

Budget Process

This year's budget process continues the evolution of many of the 2014-2015 initiatives including in-depth analysis of organizational processes, personnel, services and long term liability management. The budget process started early with development of a preliminary budget for the General fund. The General fund provides the majority of the City's services, such as public safety; building and zoning; engineering; public works; streets, drainage, building and vehicle maintenance; City Clerk recording and reporting requirements; financial services; and general administration. When preparing the General fund's preliminary budget, staff was provided with the following guidelines:

- Review the current year's budget and adjust estimated year-ends for any changes.
- Review revenue streams for changes. Adjust per capita revenue streams to reflect the 2010 population census data.
- Reflect salaries and wages with 1-10% salary increases.
- Include legal and regulatory requirements.
- Maintain operations at status quo (no additional additions or cuts in services or staffing levels).

The FY2015-2016 preliminary budget for the General fund reflected a deficit of \$1,696,844. The City Council completed an in-depth review of the General fund preliminary budget during its February 28nd Budget Workshop, April 13th and April 27th, 2015 Council meeting. Changes discussed during the budget workshops and meeting have been incorporated within this budget document. These revisions include a reduction in the budget of \$1,105,198 based upon the elimination of SSA #9 expenses, several capital projects (i.e. related to bridge improvements, new equipment, street lighting replacement program, and a new vehicle), reduction in proposed new employees in public works, and related service charge calculations based upon direct labor and overhead rates.

Budget Summary – All Funds

The 2015-2016 Budget (All Funds) includes \$20,696,200 in total revenues and other sources and \$23,653,195 in total expenditures and other uses, resulting in a projected net deficit for 2015-2016 of \$2,956,995. Detail regarding each fund's projected net fund

income (loss) for the year is available in the Executive Overview section on the Fund Balance Projections by Fund schedule. (see page 48)

A review of the Fund Balance Schedule (All Funds) shows that several funds are projecting a net loss for Fiscal Year 2015-2016. For most funds, the net losses represent the use of accumulated reserves for capital improvements, debt reduction, or infrastructure assessments. Net losses are projected in the Motor Fuel Tax (\$338,247), TIF Fund (\$506,721), Tourism District (\$569,652), DEA Seizure fund (\$141,623), Special Service Area #1 (\$20,133), Special Service Area #2 (\$5,074), Special Service Area #3 (\$48,323), and Special Service Area #4 (\$9,272), Special Service Area #5 (\$191,424), Special Service Area #6/Debt (\$67,454), Special Service Area #8 (\$37,586), Road Construction/Debt Fund (\$5,077), Water fund (\$138,615), and Parking fund (\$33,242). All other funds reflect net income for the year.

General Fund:

The General Fund is projecting a deficit of \$1,696,844. This net income reflects the cost for all departments. In addition, it includes all public safety expenses previously funded with DEA Seizure proceeds, and legal and regulatory requirements. There were no fee increases, since the majority of the City's fees received substantial increases (10-100%) within the last few years. The largest factor affecting the General fund continues to be its reliance on economically-driven revenue streams to support its basic City services. This has been an ongoing concern that has been exacerbated by the economic downturn. From FY2002 to FY2012, the City eliminated all capital and non-essential expenses; reduced staffing from 60.75 employees to 33 employees; and furloughed staff 30-days for a two year period in order to align expenses with revenues.

For the 2015-2016 Fiscal year, no significant service modifications are anticipated. The City will continue its efforts to deploy new technologies that permit the conduct of the City business via the web, acceptance of credit/debit forms of payment and automation of processes. The purpose of these initiatives is three-fold: 1) to improve the services available to residents and those conducting business with the City, 2) to reduce dual entry and streamline processes, thereby reducing costs, and 3) to improve internal controls over the City's numerous financial transactions. The new financial software has been a major thrust of technology enhancement, with a new general ledger system, accounts payable, cash receipting, and utility billing modules which were implemented in May 2012. Also, integration of the new payroll and general ledger systems has streamlined the entire payroll recording process. The City launched a new website in April 2013. The new website has an improved look with a better layout and a cleaner interface with a variety of new, innovative features which will make navigation easier. The City will be continually adding more forms which will allow for more efficient government.

All other Funds:

The projected deficit of \$141,623 in the DEA Seizure fund and \$338,247 in the Motor Fuel Tax Fund will be funded with accumulated reserves from prior years' revenues.

The Palatine/Milwaukee TIF Fund projected deficit of \$506,721 relates to the City's efforts to improve the TIF area by providing funds to TIF area businesses to improve infrastructure by using reserve funds, as well as, the remaining cost to build a Public Works addition.

The City in July 2012 restructured the CVB and established a new Tourism Zone Fund. As part of the agreement, the City will be depleting the fund balance. FY2015-2016 will be the last year of the reserve depletion. The reserve fund balance was and will be used for additional police protection, hotel grants, and beautification of the tourism zone.

The Development fund reflects a projected surplus of \$128,652 due to refinancing the current debt related to the land currently being held by the City for re-sale and engineering, site evaluation, commission on sale of property, and attorney expenses related to the positioning and sale of the property . The intention was to fund this debt service payment with the proceeds from the land sale, along with cash reserves; however, the City was prohibited from selling the land due to litigation and it was not sold. The debt service payment can be re-financed; however, the assets in the Development fund are no longer sufficient to support further interest expense. The debt associated with this land is a general obligation of the City; therefore, the burden of funding it remains with the City. The restrictions prohibiting the land from being sold have been lifted and the City will be actively pursuing options to sell the land or else to provide a lessee that will generate sufficient revenue to pay debt service. The City is currently positioned to reduce the debt by \$2,000,000 by using general fund reserves and refinance the remaining \$2,700,000 in principal.

The Solid Waste Fund has a surplus of \$26,442 which will be added to reserves to help pay for any SWANCC increases.

The projected deficits in Special Service Area #1 (\$20,133), Special Service Area #2 (\$5,074), Special Service Area #3 (\$48,323), Special Service Area #4 (\$9,272), Special Service Area #5 (\$191,424), Special Service Area #6 (\$67,879) and Special Service Area #8 (\$37,586) reflect the use of accumulated reserves to pay for expenses.

The City completed its three year road program in FY2014/15. The \$114,000 deficit reflects the City's expenses related to drainage improvements and road repairs. The funds will be depleted this fiscal year and the account closed. Funding for all additional road program work will be reflected in the General Fund in future years.

The Water fund reflects a projected loss of \$138,615. The City commissioned a water rate study which indicated that the current rate structure did not adequately bill customers to cover expenses and maintain adequate reserves. The recommendation of the study was to gradually increase fees to reach the appropriate rates. Therefore, the City will have a projected deficit for several more years until the rates cover expenses and proper reserves. Therefore, the loss is due to increases in depreciation and inadequate billing for reserves and infrastructure.

The projected deficit of \$33,424 in the Parking fund reflects the unfunded depreciation expense and service charges associated with the Metra parking lot. At current utilization levels and rates, the parking lot does not generate enough revenue to pay its operating costs; much less pay the depreciation expense for future repairs and improvements. The City will be reviewing its options as it relates to the Metra parking lot retention and management.

The Pension Fund reflects an increase in fund value of \$812,047. The increase illustrates the net amount of the City's and employees' contributions and increase in investment values less the expenses related to pension costs and payments made to officers.

The development of an annual budget is both a monumental and rewarding task, reflecting the contributions of the entire organization. This year's preparation of the budget has been a team effort and I cannot overemphasize my gratitude to the entire City staff for their diligence and perseverance in improving this important financial tool. Many thanks Police Chief Jamie Dunne, Building/Zoning Director, Steve Skiber, Public Works Director, Steve Cutaia, and Public Works Foreman, Jim O'Neill for their contribution in creating this budget document and for their cooperation, responsiveness and ability to get the job done. Finally, the City Council deserves sincere appreciation for their stewardship over City finances and planning for the City's future.

Sincerely,

Stephanie L. Hannon
Finance Director

Section 2

Organization and Services

List of Principal Officers

Organizational Chart

City of Prospect Heights Maps



City of Prospect Heights

Fiscal Year 2015-2016

Adopted Budget

May 1, 2015 – April 30, 2016

City Council

Nicholas J. Helmer, Mayor

Dave Derwin, Alderman

Lora L. Messer, Alderman

Patrick Ludvigsen, Alderman

Lawrence Rosenthal, Alderman

Scott Williamson, Alderman

City Clerk

Wendy Morgan-Adams

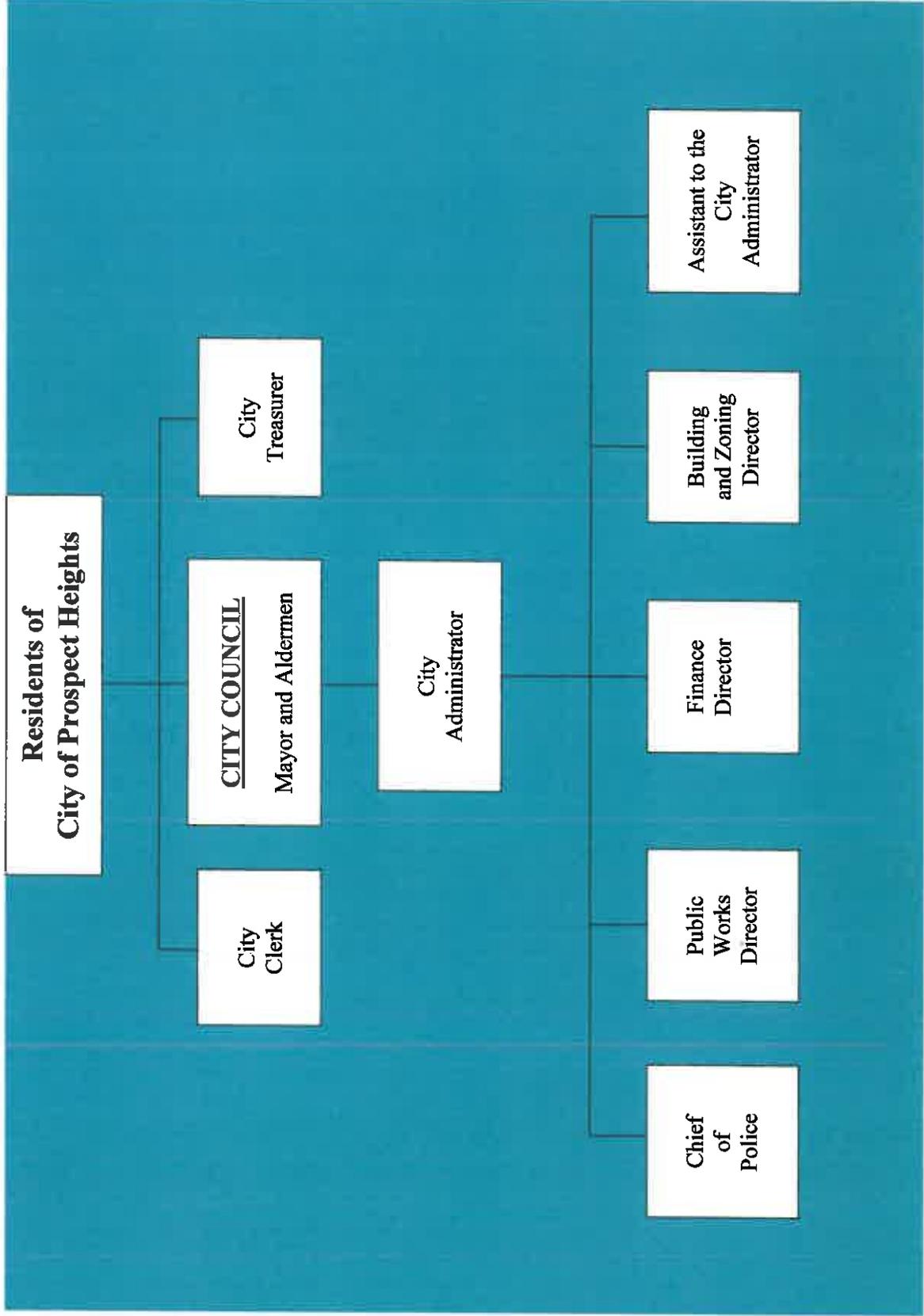
City Treasurer

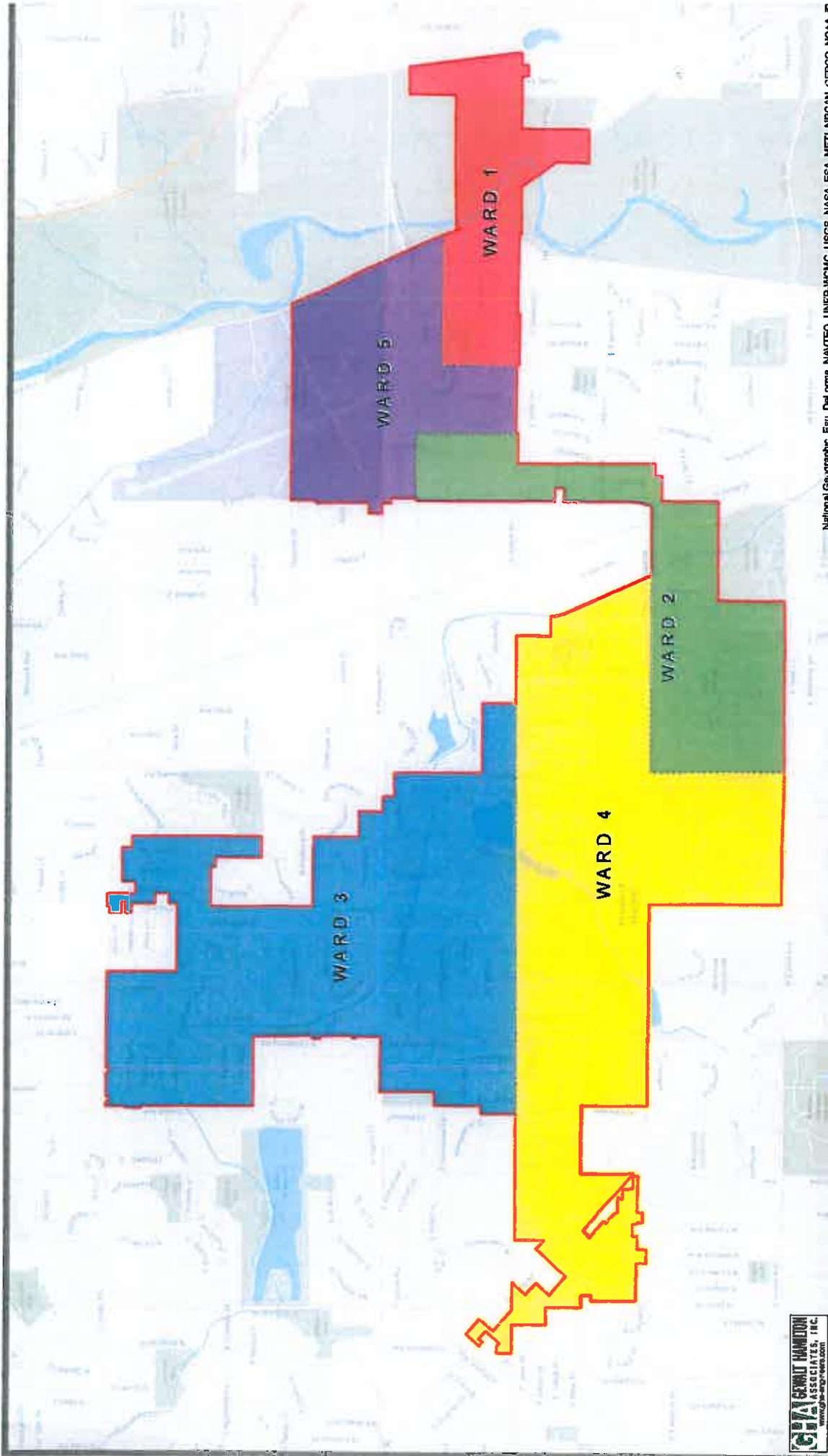
Richard Tibbits

City Administrator

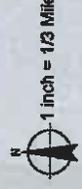
Joe Wade

CITY OF PROSPECT HEIGHTS, ILLINOIS
Organizational Chart
April 30, 2015





National Geographic, Esri, DeLorme, NAVTEQ, UNEP-WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, IP



Ward Map
City of Prospect Heights

Section 3

- Budget Process and Structure**
 - Budget Process
 - Budget Timetable
 - Basis for Budgeting and Fund Structure
 - Account Numbers



Budget Process and Structure

Budget Process

The budget document is the result of the City's financial and operational planning process and serves as the guide for implementing those plans. The process brings together input from elected officials, department directors, departmental staff, and the public in order to shape the City's goals and objectives.

The Department Directors review their programs and services, initial budget requests and submit them to the Finance Director. The Finance Director then consolidates all requests to analyze the budget as a whole. After an initial analysis, meetings are set up by the Department Directors, Finance Director, and City Administrator. They review major operational changes, discuss objectives and review capital project requests. An effort is made to combine requests across departments and to discuss how to more efficiently accomplish departmental goals. Any unjustified items are eliminated from the budget at this time.

Over the next month, the Finance Department works to compile the budget document. In addition to developing budget summaries for each department which outline requests, the Finance Director reviews and updates other sections of the document. Before the first public hearing, the proposed budget is made available to the public in hardcopy format at the City Hall.

After the public meetings, the budget may be further revised and passed without further public inspection, notice or hearing. The final budget is typically approved in April.

Once the budget has been approved, the City Administrator and Finance Director continue to monitor the City's rate of revenue collections and expenditures to assure a healthy financial condition. If revenue projections drop below staff's original estimate, the City Administrator will direct staff to reduce expenditures. If a circumstance arises in which budget changes must be considered, the City Council may approve a change by Ordinance.

Budget Time Table

| | |
|---------------------------------------|---|
| January 5, 2015 | FY2015 Proposed Budget Worksheets distributed to staff |
| January 24, 2015 | Completed General fund budget worksheets due to Finance |
| January 27 - February 23, 2015 | Finance enters staff's FY2015 budgets in General fund and Prepares report of preliminary budget for City Council |
| February 23, 2015 | 6:30 pm City Council Meeting FY2015 General Fund preliminary budget provided to City Council |
| February 28, 2015 | 8:30 a.m. FY2016 Budget Workshop |
| March 2 – March 13, 2015 | Meetings with staff to review each department's proposed budgets |
| March 16– 20, 2015 | Finance prepares budget narrative, tables, schedules |
| March 23, 2015 | FY2016 Proposed Budget document distributed to Council/Staff 6:30 pm City Council Meeting Budget Discussion -- FY2016 Public Hearing Notice Sent to paper for publication |
| April 3, 2015 | Public Hearing Notice appears in Journal & Topics Fiscal Year 2016 Proposed Budget available to public |
| April 13, 2015 | 6:20 pm Public Hearing Fiscal Year 2016 Proposed Budget 6:30 pm. Regular City Council Meeting Fiscal Year 2016 Proposed Budget (1 st Reading) |
| April 27, 2015 | 6:30 pm Regular City Council Meeting Adopt Fiscal Year 2016 Budget (2 nd Reading) |
| April 30, 2015 | Deadline for adopting Fiscal Year 2016 Budget |
| May 29, 2015 | Filing Deadline with Cook County Clerk Certified copy of Fiscal Year 2016 Budget |
| June 4, 2015 | Budget Bound and Distributed to Council and Staff |

Basis for Budgeting and Fund Structure

Basis for Budgeting

The City of Prospect Heights accounts for all funds and adopts a budget based on generally accepted accounting principles (GAAP). A fund is a separate accounting entity with a set of self-balancing accounting that records assets, liabilities, fund equity, revenues, and expenses or expenditures. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Fund Structure

The City uses the following fund types:

General Funds: use the modified accrual basis of accounting whereby revenues are recognized when they are “measurable and available” and expenditures are recorded when the related fund liability is incurred. The majority of the City’s business is accounted for in the General Fund.

Special Revenue Funds: use the modified accrual basis of accounting. Special Revenue Funds are required to account for the use of revenue earmarked by law for a particular purpose. State and federal fuel tax revenues require special revenue funds, because federal and state laws restrict these taxes to transportation uses. The Special Revenue Funds include: Motor Fuel Tax, Palatine/Milwaukee TIF fund, Tourism District, Development Fund, DEA Seizure, and Solid Waste Disposal Fund.

Capital Projects Funds: use the modified accrual basis of accounting. Capital project funds are used to account for the construction or acquisition of fixed assets, such as buildings, equipment and roads. Depending on its use, a fixed asset may instead be financed by a special revenue fund or a proprietary fund. A capital project fund exists only until completion of the project. Fixed assets acquired and long-term debts incurred by a capital project are assigned to the government’s General Fixed Assets and Long-Term Debts. The City maintains a Road Construction Fund.

Debt Service Funds: use the modified accrual basis of accounting. Debt service funds are used to account for money that will be used to pay the interest and principal of long-term debts. Bonds used by a government to finance major construction projects, to be paid by tax levies over a period of years, require a debt service fund to account for their repayment. The debts of special assessment and proprietary funds are serviced within those funds, rather than by a separate debt service fund. The City currently has a Special Service Area #6 Debt Fund and a Road Construction Debt Fund.

Special Assessment Funds: use the modified accrual basis of accounting. Special assessment funds account for public infrastructure improvements financed by special levies against property holders. The City has created four of these special service areas for sanitary sewer purposes (SSA #1, #2, #3 and #4), one for storm water detention (SSA #5), one for construction of the water main (SSA #6), and one used to pay for maintenance of the Levee 37 wall (SSA #8).

Basis for Budgeting and Fund Structure (Continued)

Proprietary Funds: use the full accrual basis of accounting. Under the full accrual basis, revenues are recorded at the time liabilities are incurred. Proprietary funds are used to account for business-type activities and include enterprise funds. Enterprise funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.

The City currently maintains one type of proprietary fund -- an enterprise fund. Enterprise funds are used to report the business-type activities the City engages in and charge fees designed to recover the cost of providing services. The City maintains a Water Fund and Parking Fund which are included in this category.

Fiduciary Funds: are accounted for on a full accrual basis. Fiduciary funds are used to account for resources held in trust by the government for the benefit of individuals or other entities and that cannot be used to support the City's own programs. Financial statements may further distinguish fiduciary funds as either trust or agency funds.

The City acts as a fiduciary for the Police Pension Funds a Trust Fund. The fund is supported by employee and City contributions and is established as single employer funds. The fund is managed by a pension board and is not available to support the City's programs. Non-police personnel are covered by the Illinois Municipal Retirement Fund (IMRF), a multi-employer, defined benefit plan. The City sends the employer and employee contributions directly to IMRF.

Agency funds are monies held on someone else's behalf with the funds eventually being distributed to the rightful owner. The City will be establishing a Road and Building Bond Escrow Fund to account for road and bond escrows. The City requires a cash bond in like amount of building permit fee to be posted for the project. After final approval of construction and/or a Certificate of Occupancy is issued, the bond posted shall be refunded.

All funds are present in the 2015-2016 Fiscal Year Budget.

Account Numbers

The account numbers used by the City of Prospect Heights identify the type of account, the department making the expenditure, the general category to be charged and the type of purchase. Account numbers appear as follows:

01-340-5700

| The first two digits indicate the fund | | The second three digits indicate the department | | The third four digits indicate category to be charged | |
|--|-------------------------------------|---|--------------------------------|---|----------------------------|
| 01 | GENERAL FUND | 000 | BALANCE SHEET | 4000-4099 | SALARIES |
| 11 | MOTOR FUEL TAX FUND | 100 | REVENUES | 4100-4199 | INSURANCE BENEFITS |
| 12 | PALATINE/MILWAUKEE TIF FUND | 105 | LOCAL TAXES | 4200-4299 | PENSION BENEFITS |
| 13 | TOURISM DISTRICT FUND | 110 | INTERGOVERNMENTAL REVENUES | 4300-4399 | OTHER BENEFITS |
| 14 | DEVELOPMENT FUND | 115 | GRANTS REVENUE | 5000-5099 | MAINTENANCE SERVICES |
| 15 | SALES TAX NON-HOME RULE FUND | 120 | LICENSES & FEES | 5100-5199 | PROFESSIONAL SERVICES |
| 16 | DEA SEIZURE FUND | 125 | FRANCHISE FEES | 5200-5299 | COMMUNICATIONS |
| 17 | SOLID WASTE DISPOSAL FUND | 140 | PUBLIC SAFETY FINES & FEES | 5300-5399 | PROFESSIONAL DEVELOPMENT |
| 21 | SSA #1 FUND | 145 | PUBLIC SAFETY SPECIAL REVENUE | 5400-5499 | SERVICE CHARGES AND FEES |
| 22 | SSA #2 FUND | 130 | BUILDING REVENUE & FEES | 5500-5599 | OTHER CONTRACTUAL SERVICES |
| 23 | SSA #3 FUND | 150 | INTERFUND SERVICE CHARGES | 5600-5649 | MAINTENANCE SUPPLIES |
| 24 | SSA #4 FUND | 155 | REIMBURSABLE INCOME | 5700-5799 | GENERAL SUPPLIES |
| 25 | SSA #5 FUND | 160 | OTHER REVENUES | 5800-5849 | PRINTED MATERIALS |
| 26 | SSA #6 FUND | 200 | OTHER FINANCING SOURCES | 5850-5899 | NON-PRINTED MATERIALS |
| 28 | SSA #8 FUND | 300 | EXPENSES | 5900-5949 | GRANT EXPENSE |
| 31 | ROAD CONSTRUCTION FUND | 310 | CITY COUNCIL & BOARDS | 5950-5999 | OTHER EXPENDITURES |
| 41 | ROAD CONSTRUCTION DEBT SERVICE FUND | 320 | ADMINISTRATION | 6000-6099 | DEBT SERVICE |
| 46 | SSA #6 DEBT SERVICE FUND | 330 | ENGINEERING | 7000-7099 | CAPITAL OUTLAY |
| 51 | WATER FUND | 340 | BUILDING DEPARTMENT | 8000-8099 | OTHER FINANCING USES |
| 52 | PARKING FUND | 350 | PUBLIC WORKS | | |
| 71 | POLICE PENSION FUND | 360 | PUBLIC SAFETY | | |
| 72 | ROAD & BUILDING BOND ESCROW FUND | 365 | PUBLIC SAFETY-SPECIAL ACCT EXP | | |
| | | 370 | REIMBURSABLE EXP | | |
| | | 390 | GRANTS | | |
| | | 400 | DEBT SERVICE | | |
| | | 500 | CAPITAL OUTLAY GENERAL | | |
| | | 550 | PUBLIC WORKS CAPITAL OUTLAY | | |
| | | 560 | PUBLIC SAFETY CAPITAL OUTLAY | | |
| | | 600 | OTHER FINANCING USES | | |

Section 4

Executive Overview

Budget in Brief

Strategic Planning

Revenue Trends and Projections

Expenditure Trends and Projections

Debt Position

Fund Balance Projections by Fund



Executive Overview

Budget in Brief

The City of Prospect Heights embraces a fiscally conservative and forward looking approach to budgeting for the operations of municipal government. The basis for developing the overall budget relies upon the initial forecast of anticipated revenues derived from taxes, fees, licenses, intergovernmental revenues, fines, investment proceeds and interfund transfers. The following table depicts total revenues for all funds for the years ending 2013 to 2016.

Revenues by Category

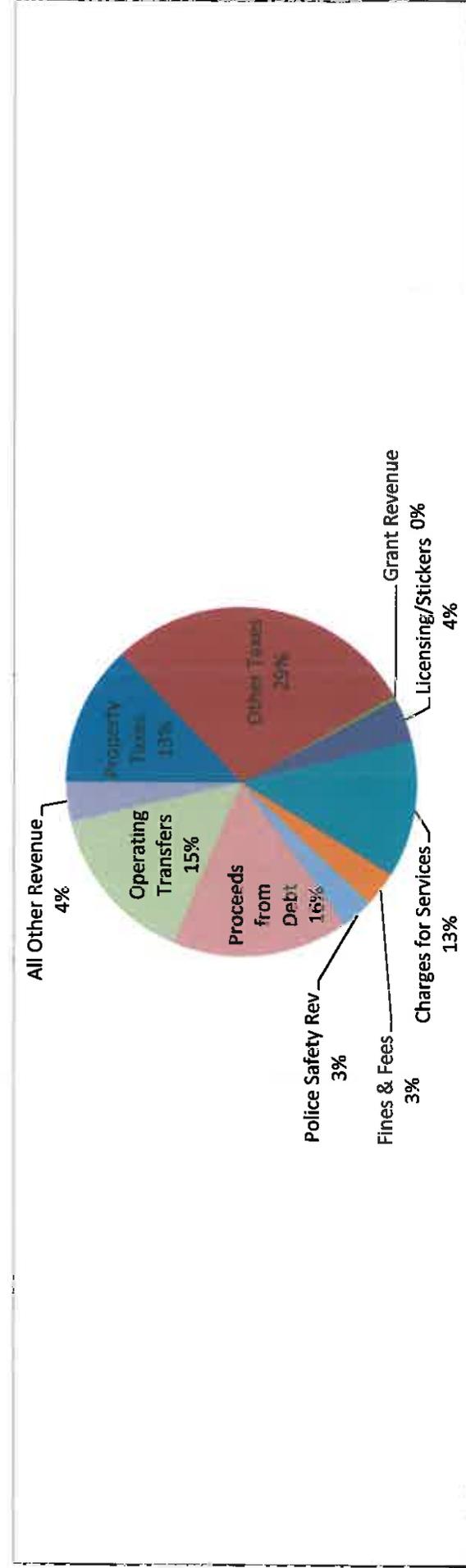
The total revenues budget for fiscal year 2015-2016 is \$20,696,200.

| <u>Account Category</u> | <u>Actuals</u> | | <u>Actuals</u> | | <u>Budget</u> | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------|--|
| | <u>2012-2013</u> | <u>2013-2014</u> | <u>2014-2015</u> | <u>2015-2016</u> | | |
| Property Taxes | \$ 2,091,161 | \$ 2,820,933 | \$ 2,566,833 | \$ 2,678,386 | | |
| Other Local Taxes | 2,787,252 | 2,912,431 | 2,729,957 | 2,770,038 | | |
| Intergovernmental Taxes | 2,739,564 | 3,405,988 | 3,174,140 | 3,150,344 | | |
| Grant Revenue | 95,560 | 466,797 | 285,079 | 75,079 | | |
| Vehicle Stickers | 672,905 | 894,474 | 686,350 | 690,280 | | |
| Licenses | 172,005 | 169,174 | 160,215 | 153,815 | | |
| Franchise Fees | 299,708 | 309,453 | 291,500 | 291,500 | | |
| Building & Development Fees | 404,697 | 391,375 | 340,000 | 391,050 | | |
| Public Safety Fines & Fees | 467,308 | 849,736 | 696,100 | 577,300 | | |
| Public Safety Special Revenue | 56,728 | 383,533 | 31,800 | 36,800 | | |
| Interfund Service Charges | 1,442,221 | 1,482,282 | 1,270,200 | 1,167,800 | | |
| Reimbursable Income | 221,914 | 154,457 | 128,353 | 175,337 | | |
| Other Revenues | 1,384,253 | 1,377,150 | 1,320,153 | 1,075,222 | | |
| Water Revenues | 799,479 | 783,579 | 782,026 | 814,193 | | |
| Parking Revenues | 55,593 | 65,752 | 64,000 | 64,000 | | |
| Solid Waste Revenues | 567,255 | 565,447 | 567,291 | 567,291 | | |
| Sale of Property | - | - | 1,424,932 | - | | |
| Proceeds from Debt | 5,051,912 | - | - | 3,350,000 | | |
| Interfund Transfers | 1,314,992 | 931,159 | 679,433 | 2,667,764 | | |
| Grand Total - All Fund Revenue | \$ 20,624,506 | \$ 17,963,720 | \$ 17,198,362 | \$ 20,696,200 | | |

Summary of Revenues by Source – All Funds

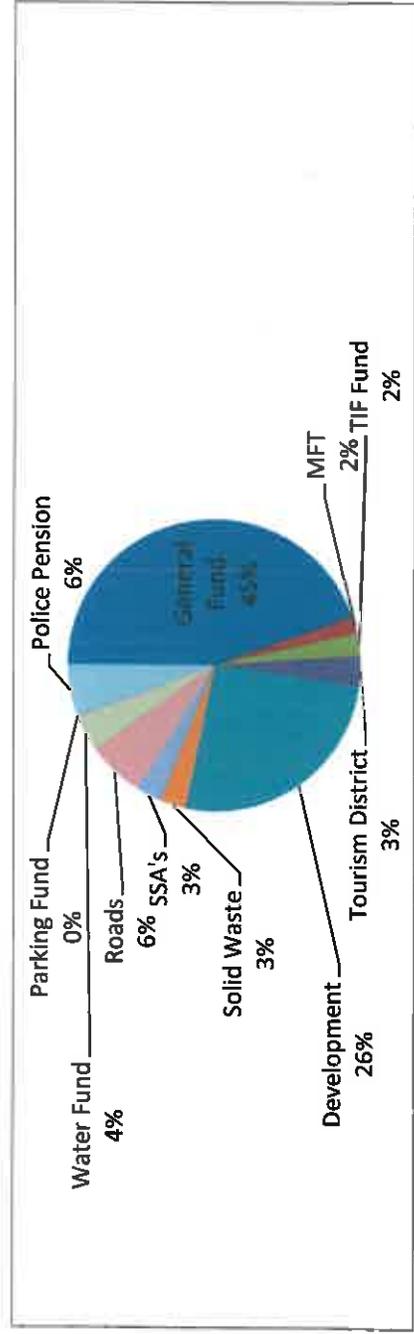
The chart below summarizes total revenues by source including transfers. The other taxes classification incorporates state shared taxes including: income, sales, motor fuel taxes, and local taxes including: non-home rule sales tax, use tax, telecom tax, utility taxes, places for eating tax, rental car tax, and hotel tax. Charges for services includes: service charges, water billing, Metra station parking fees, and solid waste fees collected on behalf of the Solid Waste Agency of Northern Cook County. Other category includes: pension contribution made by sworn officers, interest revenue, and solid waste recycling rebate.

| Description | General Fund | Development | | | | Tourism District | Solid Waste | SSA's | Road Construction | Water Fund | Parking | Police Pension | All Funds |
|----------------------|--------------------|------------------|--------------------|------------------|------------------|------------------|--------------------|------------------|-------------------|--------------------|---------------------|----------------|-----------|
| | | MFT | IIF | Waste | Construction | | | | | | | | |
| Property Taxes | \$278,000 | | | | | | \$586,253 | \$1,303,335 | | | | \$2,678,386 | |
| Other Taxes | 4,822,289 | | | | 711,200 | | | | | | | 5,920,382 | |
| Grant Revenue | 75,079 | | | | | | | | | | | 75,079 | |
| Licensing/Stickers | 844,095 | | | | | | | | | | | 844,095 | |
| Charges for Services | 1,167,600 | | | | | 567,100 | | | 811,193 | 64,000 | | 2,610,093 | |
| Fines & Fees | 682,550 | | | | | | | | | | | 682,550 | |
| Police Safety Rev | 614,100 | | | | | | | | | | | 614,100 | |
| Proceeds from Debt | - | | | | | | | | | | | 3,350,000 | |
| Operating Transfers | 389,764 | | | | | | | | | | 703,544 | 3,093,308 | |
| All Other Revenue | 347,153 | 60 | 1,066 | | 348 | 191 | 1,595 | | 3,000 | | 474,793 | 828,206 | |
| Total Revenue | \$9,220,830 | \$386,953 | \$5,861,864 | \$711,548 | \$567,291 | \$587,848 | \$1,303,335 | \$814,193 | \$64,000 | \$1,178,337 | \$20,696,200 | | |



Summary of Revenue by Fund

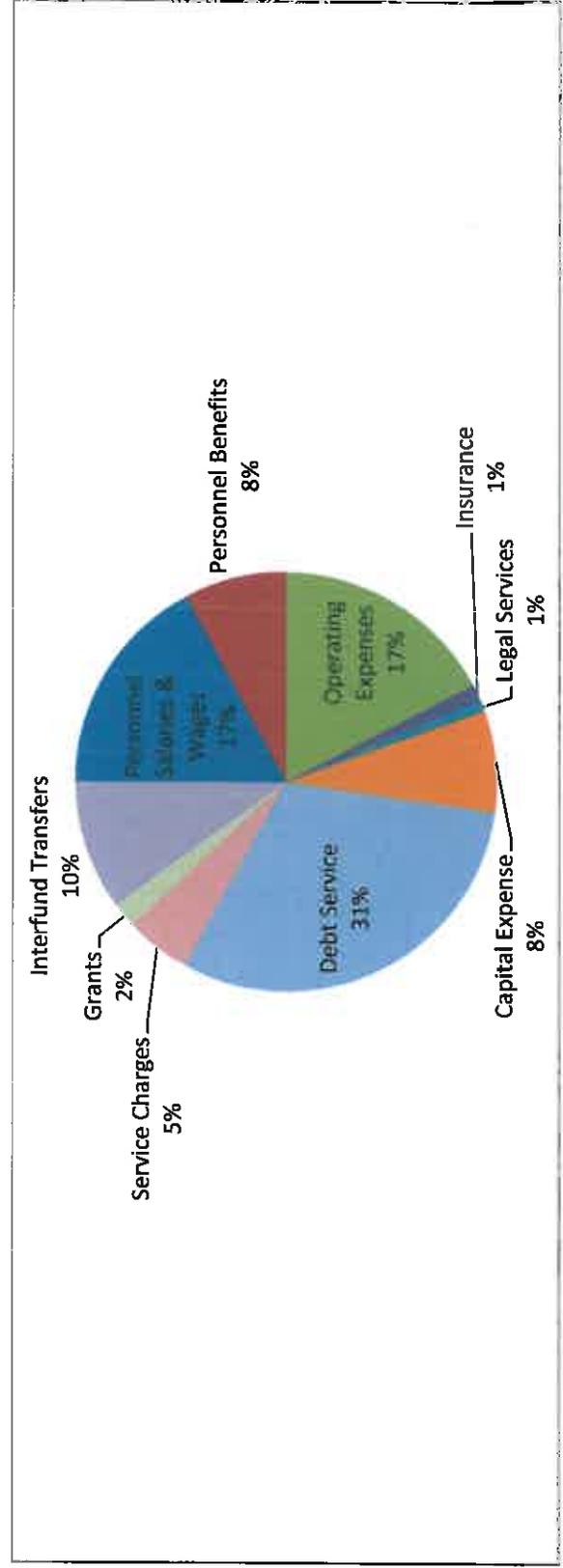
| | Actuals | Actuals | Actuals | Actuals | Amended | Budget | Increase/ |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------|---------------------|
| | 2012-2013 | 2013-2014 | 3-31-15 YTD | 2014-2015 | 2015-2016 | 2015-2016 | (Decrease) |
| General Fund | \$ 9,654,348 | \$ 10,808,134 | \$ 8,272,362 | \$ 9,279,308 | \$ 9,220,830 | \$ | (58,478) |
| Motor Fuel Tax | 465,047 | 571,444 | 452,117 | 460,317 | 386,953 | | (73,364) |
| Palatine/Milwaukee TIF Fund | 700,569 | 630,803 | 528,690 | 505,174 | 511,861 | | 6,667 |
| Tourism District | 718,500 | 758,800 | 709,364 | 700,348 | 711,548 | | 11,200 |
| Development Fund | 213 | 17,004 | 1,482,812 | 1,482,760 | 5,350,003 | | 3,867,243 |
| DEA Seizure Fund | 18,712 | 296,105 | 241,021 | - | - | | - |
| Solid Waste Disposal Fund | 567,255 | 565,447 | 468,782 | 567,291 | 567,291 | | - |
| SSA #1 | 19,332 | 41,102 | 23,418 | 35,000 | 28,300 | | (6,700) |
| SSA #2 | 16,144 | 68,722 | 39,531 | 50,002 | 44,798 | | (5,204) |
| SSA #3 | 38,654 | 11,366 | 20,443 | 20,439 | 22,460 | | 2,021 |
| SSA #4 | 16,494 | 43,866 | 31,588 | 37,002 | 40,021 | | 3,019 |
| SSA #5 | 7,077 | 3,048 | 6,396 | 5,525 | 6,341 | | 816 |
| SSA #6 Construction | 160 | 20 | 8 | 5 | 150 | | 145 |
| SSA #6 Debt | 242,063 | 240,042 | 250,668 | 234,778 | 239,778 | | 5,000 |
| SSA #8 | 164,055 | 255,063 | 204,345 | 200,000 | 206,000 | | 6,000 |
| Road Construction | 5,054,588 | 746 | 100,248 | 100,160 | - | | (100,160) |
| Road Construction Debt | 667,235 | 1,251,293 | 1,528,215 | 1,302,806 | 1,303,335 | | 529 |
| Water Fund | 799,479 | 783,579 | 650,037 | 782,026 | 814,193 | | 32,167 |
| Parking Fund | 55,593 | 65,752 | 69,070 | 64,000 | 64,000 | | - |
| Police Pension | 1,418,990 | 1,551,343 | 1,804,208 | 1,371,395 | 1,178,337 | | (193,058) |
| Total Funds | \$ 20,624,506 | \$ 17,963,680 | \$ 16,883,321 | \$ 17,198,336 | \$ 20,696,200 | | \$ 3,497,864 |



Summary of Expenditures by Category – All Funds

The development of projected expenses relies upon the forecasting of categorical expenditure in the areas of personnel salaries and benefits, operating expenses, insurance and liability expenses, legal expenses, capital equipment and improvement expense, and interfund transfers. As a service provider, the majority of the City's budget (25 percent) is allocated to personnel salaries and benefits. Thus a great deal of effort is expended in managing collective bargaining activities, wage compensation programs and employee benefits as a core cost containment strategy. The following table depicts total expenses by category for all funds for the Fiscal Years ending 2013 to 2016 (proposed)

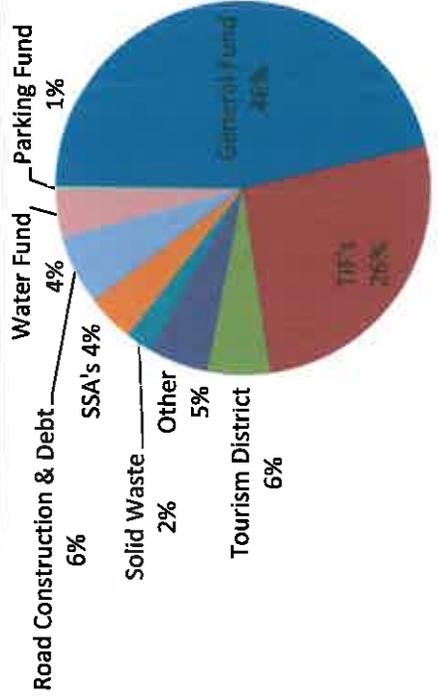
| | Actuals 2012-2013 | Actuals 2013-2014 | Actuals 3-31-15 YTD | Amended Budget 2014-2015 | Budget 2015-2016 | Increase/ (Decrease) |
|----------------------------|----------------------|----------------------|------------------------|--------------------------------|----------------------|-------------------------|
| Personnel Salaries & Wages | \$ 3,221,679 | \$ 3,593,331 | \$ 3,208,706 | \$ 3,725,674 | \$ 4,052,048 | \$ 326,374 |
| Personnel Benefits | 1,583,288 | 1,603,278 | 1,329,572 | 1,727,139 | 1,859,458 | 132,319 |
| Operating Expenses | 3,160,804 | 2,888,546 | 2,988,324 | 4,614,646 | 4,090,450 | (529,195) |
| Insurance | 290,259 | 287,902 | 278,556 | 303,072 | 331,918 | 28,846 |
| Legal Services | 171,112 | 212,486 | 167,270 | 233,000 | 173,600 | (59,400) |
| Capital Expense | 5,064,978 | 3,969,481 | 2,339,687 | 4,660,980 | 1,846,542 | (2,814,438) |
| Debt Service | 1,703,594 | 2,077,695 | 3,239,117 | 3,242,681 | 7,271,167 | 4,028,486 |
| Service Charges | 1,442,221 | 1,482,282 | 1,158,875 | 1,270,200 | 1,167,800 | (102,400) |
| Grants | 419,289 | 526,563 | 478,999 | 496,805 | 470,448 | (28,357) |
| Interfund Transfers | 1,123,349 | 658,190 | 403,433 | 403,433 | 2,389,764 | 1,991,331 |
| Total Expenses | \$ 18,180,574 | \$ 17,299,754 | \$ 15,592,539 | \$ 20,679,630 | \$ 23,653,195 | \$ 2,973,566 |



Summary of Expenditures – All Funds

| | Actuals 2012-2013 | Actuals 2013-2014 | Actuals 3-31-15 YTD | Amended Budget 2014-2015 | Budget 2015-2016 | Increase/ (Decrease) |
|-----------------------------|----------------------|----------------------|------------------------|--------------------------------|----------------------|-------------------------|
| General Fund * | \$ 6,782,858 | \$ 7,466,114 | \$ 7,146,087 | \$ 9,892,779 | \$10,917,674 | \$ 1,024,895 |
| Motor Fuel Tax | 268,065 | 430,619 | 297,750 | 592,200 | 725,200 | 133,000 |
| Palatine/Milwaukee TIF Fund | 817,489 | 613,142 | 1,619,585 | 2,321,435 | 1,018,582 | (1,302,853) |
| Tourism District | 1,666,833 | 965,031 | 931,173 | 1,096,390 | 1,281,200 | 184,810 |
| Development Fund | 286,394 | 248,253 | 938,489 | 1,221,143 | 5,221,351 | 4,000,208 |
| DEA Seizure Fund | 142,248 | 102,690 | 88,328 | 122,700 | 141,623 | 18,923 |
| Solid Waste Disposal Fund | 445,903 | 529,224 | 490,184 | 555,640 | 540,849 | (14,791) |
| SSA #1 | 39,015 | 32,886 | 34,659 | 37,890 | 48,433 | 10,543 |
| SSA #2 | 38,023 | 36,511 | 36,711 | 39,820 | 49,872 | 10,052 |
| SSA #3 | 56,352 | 50,938 | 45,001 | 48,705 | 70,783 | 22,078 |
| SSA #4 | 38,604 | 32,936 | 35,699 | 38,730 | 49,293 | 10,563 |
| SSA #5 | 54,947 | 48,965 | 56,135 | 67,835 | 197,765 | 129,930 |
| SSA #6 Construction & Debt | 303,718 | 290,106 | 284,329 | 288,928 | 308,232 | 19,304 |
| SSA #8 | 173,000 | 181,041 | 237,504 | 273,165 | 243,586 | (29,579) |
| Road Construction | 5,667,661 | 5,008,133 | 2,253,250 | 2,492,706 | 1,422,412 | (1,070,294) |
| Water Fund | 819,919 | 816,233 | 573,949 | 840,730 | 952,808 | 112,078 |
| Parking Fund | 163,274 | 111,931 | 58,379 | 102,104 | 97,242 | (4,862) |
| Police Pension | 416,274 | 335,001 | 465,327 | 646,730 | 366,290 | (280,440) |
| Total Funds | \$ 18,180,574 | \$ 17,299,754 | \$ 15,592,539 | \$ 20,679,630 | \$ 23,653,195 | \$ 2,973,565 |

* Includes Road & Bond Escrow Fees



Summary of Expenditures by Fund and Category

The chart below provides expenditure summary for all 19 City funds and the Pension Fund and further divides those fund totals into expenditures by category. The total budget for all City Expenditures in 2015/2016 is \$23,653,195. The total is 14.4 percent higher than the 2014/2015 budget and 36.73 percent high than actual amounts spent in 2013/2014. 46 percent of all expenditures support the General Fund. The General Fund is the main operating fund of the City and accounts for critical core services such as police and public works.

| | Salaries & Benefits | Operating Expenses | Legal Services | Capital Expense | Debt Service | Service Charges | Insurance | Grants | Interfund Transfers | Total |
|-----------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|----------------------|
| General Fund * | \$ 5,769,725 | \$ 1,621,922 | \$ 168,600 | \$ 801,000 | \$ 189,496 | | \$ 286,247 | \$ 80,684 | \$ 2,000,000 | \$ 10,917,674 |
| Motor Fuel Tax | | 80,000 | | 350,000 | | 295,200 | | | | 725,200 |
| Palatine/Milwaukee TIF Fund | | 109,697 | 5,000 | 335,000 | 486,885 | 82,000 | | | | 1,018,582 |
| Tourism District | | 428,972 | | | | 72,700 | | 389,764 | | 1,281,200 |
| Development Fund | | 301,663 | | | 4,919,688 | | | | | 5,221,351 |
| DEA Seizure Fund | 20,000 | 45,623 | | 76,000 | | | | | | 141,623 |
| Solid Waste Disposal Fund | | 416,849 | | | | 124,000 | | | | 540,849 |
| SSA #1 | | 1,147 | | 5,000 | | 41,700 | 586 | | | 48,433 |
| SSA #2 | | 1,181 | | 5,000 | | 43,300 | 391 | | | 49,872 |
| SSA #3 | | 1,192 | | 15,000 | | 53,000 | 1,591 | | | 70,783 |
| SSA #4 | | 1,170 | | 5,000 | | 42,900 | 223 | | | 49,293 |
| SSA #5 | | 16,265 | | 125,542 | | 54,900 | 1,058 | | | 197,765 |
| SSA #6 Construction & Debt | | 2,179 | | | 239,753 | 66,300 | | | | 308,232 |
| SSA #8 | | 33,286 | | 15,000 | 104,500 | 90,800 | | | | 243,586 |
| Road Construction & Debt | | 5,077 | | 114,000 | 1,303,335 | | | | | 1,422,412 |
| Water Fund | 121,781 | 590,752 | | | 27,510 | 178,000 | 34,765 | | | 952,808 |
| Parking Fund | | 67,185 | | | | 23,000 | 7,057 | | | 97,242 |
| Police Pension | | 366,290 | | | | | | | | 366,290 |
| Total Funds | \$ 5,911,506 | \$ 4,090,450 | \$ 173,600 | \$ 1,846,542 | \$ 7,271,167 | \$ 1,167,800 | \$ 331,918 | \$ 470,448 | \$ 2,389,764 | \$ 23,653,195 |

* Includes Road & Bond Escrow Fees

Personnel and Benefits

The City of Prospect Heights relies upon a lean and efficient professional staff to accomplish the mission, vision and strategic goals of the operation. The City has historically maintained a highly competitive total workforce compared to other municipalities in the region. The City's employee count per 1,000 population has remained flat. The City began hiring back officers and hiring part-time officers in FY2012-2013 to provide additional protection, reduce overtime expenses, handle additional issues arising from increased business establishments, and monitor the tourism district. The City added a records clerk and a part-time code enforcement officer in FY2014-15. The City currently has openings in the City Administrator and Assistant City Administrator positions. The increase in headcount is attributable to the two open positions and the addition of a part-time Audio Visual employee. The City feels with the addition of the two open positions and new part-time employee that current full-time headcount levels are sufficient to maintain City services at appropriate levels,

The following table depicts total employees by department as of April 30th 2013 to April 30th 2016.

| Department | Actual Year-End FY2012-2013 | | Actual Year-End FY2013-2014 | | Actual Year-End FY2014-2015 | | Budgeted FY2015-2016 | |
|---------------------------------------|--------------------------------|----------|--------------------------------|----------|--------------------------------|-----------|-------------------------|-----------|
| | FT | PT | FT | PT | FT | PT | FT | PT |
| Administration | 3.5 | 2 | 3.5 | 2 | 1.5 | 2 | 3.5 | 3 |
| Building & Dev/Engineering | 4 | | 4 | | 3 | 1 | 3 | 1 |
| Public Works | 5 | | 5 | | 6 | | 6 | |
| Public Safety | 26 | 6 | 26 | 6 | 27 | 8 | 27 | 8 |
| Water | 1.5 | | 1.5 | | 1.5 | | 1.5 | |
| Total | 41 | 8 | 41 | 8 | 39 | 11 | 41 | 11 |
| Full and Part-Time Grand Total | 49 | | 49 | | 50 | | 52 | |

Strategic Planning

It is proposed for FY 2015/2016 that the City further develop its strategic planning process. The City strives to align its financial plan with its core values.

| Department | Mission | Objectives | Programs |
|-----------------------------------|--|---|---|
| Administration | Provide for a comprehensive approach to the delivery of services, developing the interest of the City in a diverse and inclusive environment. | Access and implement changes in process work flows staffing and operations to provide for greatest efficiency in delivering services at expected levels. | Develop strategies to maintain a highly qualified, motivated, innovative, skilled and well trained workforce within a competitive environment |
| Building & Development | Improve public awareness of services offered by the Building and Development Department, as well as, quality of services to protect life and property. | Improve project completion and reporting. Code upgrade and adoption. | Integrate inspection to deliver comprehensive services to residents and businesses. |
| Finance | Develop and enhance existing long term financing strategies that support the City's infrastructure, operations and enterprise functions. | Improve and strengthen internal controls | Automate processes and provide for web based services to residents and businesses, improve internal controls and reporting functions. |
| Police | Provide high quality patrol, investigation and records management services to residents and businesses and at an adequate level of service. | Cultivate a talent pool of new and existing employees with diverse backgrounds and experiences, encourage innovation and new perspectives. Provide leadership development opportunities. | Deploy communications and reporting systems that meet applicable requirements, provide stable communications infrastructure, and assist operational actives. |
| Public Works | Strive to offer the best internal and external customer service possible by maintaining and enhancing the City's core infrastructure including streets, sanitary & storm sewers, water system, snow/storm management, fleet management, grounds, Levee 37, bridges, storm-water management and forestry and with adequate levels of service for each asset category. | Establish and refresh an operations manual and complaint tracking system. Develop and explore opportunities to minimize the use of resources, both labor and capital where adequate levels of service can be maintained. Streamline Seek multi-agency cooperation where economies of scale may be realized. | Maintain a highly trained workforce with diverse skill sets, providing flexibility in times of need and adaptability to changing infrastructure conditions. Continue the Tree Removal/Planting Program, R&R Sidewalks Program, and Crack-Sealing Program. |

Revenue Trend and Projection

As a part of the development of both long-term financial forecasting and the corresponding annual budget, the City continually reviews external and internal factors that impact, or may impact, the collection of revenue. Evaluating the impact of the national economy (macro) influences the local economy (micro) is an important step in the process.

The national economy affects both state and local economies, although this impact varies by jurisdiction and may actually have an inverse effect on a community. Some of the economic indicators the City uses in financial analysis include; inflation, employment, housing starts, vehicle sales, interest rates, and manufacturing activity.

Inflation – As inflation goes up, the cost of goods sold go up, increasing retail sales tax revenue. As prices rise, so will business income tax receipts. Conversely, the City will have to pay more for goods and services.

Employment – Retail and vehicle sales tend to have inverse relationships with the unemployment rate. Sales tend to move in the opposite direction of the unemployment rate. Chronic unemployment often spills over into the residential real estate market resulting in lost real estate transfer tax revenue.

Housing starts - This indicator provides a sense of the overall demand for housing, which can be indicative of local housing activity. Data maintained by local realtor groups is useful in projecting the future of market recoveries.

Vehicle sales – sales and use tax revenues tend to fall with vehicle sales, which are heavily dependent upon both employment and interest rates. However, if increases in new vehicles are expected to reduce the value of used vehicles, the sales and use tax base can actually decline if the depreciation of used vehicles is not equally offset by the value of new vehicles.

Interest rates – Interest rate impact the City's revenues in several ways. First, investment income will be affected by interest rates. Second, the availability and cost of capital directly affects business expansion and retail purchases. As credit is extended and/or rates are lowered, revolving purchases may increase, thereby increasing development plans and retail sales and, by extension, sales tax and business licenses revenues.

Manufacturing activity – If a City has a large manufacturing sector, the ISM (Institute of Supply Management Index) becomes a significant factor in revenue analysis and forecasting. Manufacturers respond to the demand for their products by increasing production, building up inventories to meet the demand. The increased production often requires new workers which lowers unemployment figures and can stimulate the local economy.

Property Taxes

There are three components to the property tax levy: the Police Pension, Special Service Area and Debt Service levy.

Police Pension

The tax levy for the Police pensions are based upon an independent actuarial analysis of fund cost as well as an amount to provide funds necessary to amortize a portion of the unfunded actuarial liability. The City utilized the actuarial report for the Police Pension requirements. The FY2014-2015 amounts reflect a change with respect to mortality rates. The mortality rate assumption has been changed to RP2000 Mortality Table from the 1971 GA Mortality Table. There were no changes with respect to Plan Provisions or Actuarial Methods from the prior year. The estimated actuary valuation results for 5/1/14 utilizing an interest rate of 6.75% of return on investment was \$685,212. The City budgeted a 3% increase from the actuarial recommended contribution to calculate the FY2015-16 budget. Note: the City is a non-home rule community; therefore, tax levies for Pension funds are limited by law commonly called "tax caps," the Property Tax Extension Limitation Law (PTELL). The law does not cap either individual property tax bills or individual property tax assessments. The PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and voter-approved rate increases. The limitation slows the growth of property tax revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation. As a whole, property owners have some protection from tax bills that increase only because the market value of their property is rising rapidly. Payments for bonds issued without voter approval are subject to strict limitations. If a taxing district determines that it needs more money than is allowed under the PTELL, it can ask the voters to approve an increase."

Special Service Area Levy

"Special Service Area" means a contiguous area within a municipality or county in which special governmental services are provided in addition to those services provided generally throughout the municipality or county, the cost of the special services to be paid from revenues collected from taxes levied or imposed upon property within that area. "Special Services" are all forms of services pertaining to the government and affairs of the municipality or county.

A Special Service Area ("SSA") is a financing mechanism to establish and support a variety of services, physical improvements, and other activities within a specific geographic area of a municipality. SSA financing can improve or maintain designated areas within a community and its boundary must consist of contiguous properties that benefit from expanded services and improvements. SSA financing also enables a municipality to provide public services to a portion of its jurisdiction without burdening the entire community with increased debt or operating taxes.

The City of Prospect Heights has seven special service areas:

Special Service Areas #1 to #4 were established for the purpose of providing for the disposal and collection of sewage in the area of the City formally served by other sanitary districts as noted:

SSA #1: Prospect Heights Sanitary District.

SSA #2: Wolf Mandel Sanitary District.

SSA #3: Country Gardens Sanitary District

SSA #4: Pinecrest Sanitary District

Special Service Areas (continued)

The primary responsibility of the four Special Service Areas (#1-#4) is to comply with the program requirements of the Metropolitan Water Reclamation District (MWRD) of Greater Chicago for the reduction and elimination of inflow/infiltration of storm and ground water into the sanitary sewer system. The ultimate goal of the MWRD program is to reduce its waste treatment volume and associated costs. The City completes regular monitoring and maintenance of its sewer system.

Special Service Area #5 (SSA #5) was established for the purpose of collection and disposal of storm water and its management.

Special Service Area #6 (SSA#6) was established for the purpose of bringing Lake Michigan water to the residents in the area of town located east of Wheeling Road and north of Camp McDonald Road. Two funds are reflected for Special Service Area #6 – a construction fund and a debt service fund. The SSA #6 Construction fund was established to record the costs for construction of the water main, as well as the proceeds from debt issued (both short-term and SSA bonds) to pay those costs. While the project has been completed, the City has reserved funds for landscaping and restoration.

Special Service Area #8 (SSA #8) was established for the acquisition of necessary land rights, and the construction, maintenance and operation of Levee 37, and related flood control measures which benefit the proposed area.

Debt Service Levy:

The SSA #6 Debt fund includes the revenues and expenses related to the Special Service Area #6 bonds. The real estate tax budget is based on the tax levy requirements stipulated in the bond ordinance. The City's fiscal year includes collection cycles from two different tax levy years – 2nd installment of the 2014 tax levy and the 1st installment of the 2015 tax levy. Taxes received in the fall will be used to pay the principal and interest due on December 15th and taxes collected in March will be used to pay the June 15th interest payment. The entire debt retirement schedule is provided under the Financial Summaries section at the beginning of this report:

Road Construction Debt Service Levy includes payment of principal and interest for bonds issued for the purpose of paying costs of local road construction and related maintenance equipment, storm sewer and related drainage projects. The first year of the Road Construction Bond Property Tax levy was in FY2012-2013 for Phase I. Phase I and Phase II tax levy collections began in the FY2013-2014 budget. FY2015-16 includes tax levies for all three bonds issued for Phases I, Phase II and Phase II; thus accounting for the increase in bond payments and levy amounts.

Utility Use Taxes

The City of Prospect Heights levies three utility taxes for electricity, natural gas, and telecommunications. The amount levied for electricity is based on a sliding scale that next approximately \$0.0045 per kilowatt hour. Revenue is budgeted to be \$369,000 for FY2015-2016. Since electricity use tax is based on unit pricing, there is no fluctuation due to commodity pricing. Absent any increase in households or commercial buildings within the village, this revenue source has little room for future growth. Weather conditions are the primary reason for changes in revenue, but the movement for more efficient building technologies and appliances will be a constant pressure downward on the collection of this revenue. The amount has been projected flat based upon trends by the IL Department of Revenue.

Utility Use Taxes (continued)

Utility taxes for natural gas are levied at a rate of 5% of gross receipts and budgeted at \$120,000 for FY2015-2016.

The natural gas tax is based upon gross receipts; therefore, price and demand both play a role in the amount of the tax. From FY2008 to FY2015, the utility taxes have trended downward due to closing of the HSBC Headquarters, an increase in residential and commercial property vacancy rates due to the economic recession, unusually warm weather and credits by large taxpayers for overpayments made in prior years. The City is projecting taxes to level off and remain flat.

Telecommunications Tax

The tax levied at six percent on all types of telecommunication except for digital subscriber lines (DSL) purchased, used, or sold by a provider of internet service (effective July 1, 2008). The exemption of DSL service has had a significant negative impact on collections. Combined with the economic decisions to consolidate, or eliminate additional phone lines, revenue is down 50% from the peak in FY2006-2007. Voice over Internet Protocol (VoIP) phone services such as those provided by Xfinity/Comcast and Vonage are subject to taxation. Telecom receipts are expected to decline as consumers continue to switch from landline telecommunications services to cellular phones and data plans, the latter of which are preempted from state taxation by federal law. Decline expected to plateau, but not before further decline in revenues. Decline projected at 3%. The City imposes a 13% telecommunication tax on its residents.

Hotel Taxes

The Hotel Tax also called the Hotel Operators' Occupancy Tax. The tax is collected by the hotel's owner, operator, or manager from their guests. For the purposes of the tax, a hotel is considered to be any building in which members of the public rent sleeping accommodations. The tax covers hotels, motels, and bed and breakfasts, as well as condominiums, apartments, and houses rented for less than 30 consecutive days. Hotel tax does not apply to hospitals, sanitariums, nursing homes, student dormitories operated by colleges and universities, or condominiums, apartments, and houses leased for more than 30 consecutive days. The City imposes a 5% tax and is responsible for collecting the local hotel taxes from the hotels. 100% of the tax is accounted for in the Tourism District hotel tax revenue line item.

Road & Bridge Taxes

The Road and Bridge Tax is levied at one-half of the tax collected on property lying within a municipality. Streets and alleys that are under the care of the municipality must be turned over to the municipality to be included in the tax base. This revenue must be used for the improvement of roads or streets. If a municipality does not appropriate this tax revenue for the improvement of roads or streets within one year from the date of receipt, then the non-appropriated portion of the tax revenue is to be returned to the Road District Treasurer. The tax has been budgeted to remain the same as the prior year's forecast.

Rental Car Taxes

The rental car tax is a tax paid by the consumer on the rental of a passenger car for a period of less than 30 days. The rental company reports the tax to the Department of Revenue. The rental car tax is in addition to the retail sales tax. The rate consists of the following: State Rate 5%, City of Prospect Heights Rate 1%, and Metropolitan Pier & Exposition Authority 6% for a total rate of 12%. The total tax has been budgeted to increase slightly by the CPI of .8%.

Places for Eating Taxes

The Places for Eating tax was approved by the City Council in February 2009 on food and beverages prepared for immediate consumption. The tax is 1.5% and is payable directly to the City. The tax only applies to those businesses that prepare food and provide a place for customers to dine in. Below is information on this revenue stream. The increase in the 2015-2016 Budget from the prior year is based upon current trend of 1.26% growth and is reflective of increased traffic to current restaurants.

| <u>Fiscal Year</u> | <u># of Establishments</u> | <u>Total Revenue</u> | <u>% Inc/ (Dec)</u> |
|------------------------|----------------------------|----------------------|---------------------|
| 2015-16 Budget | 35 | \$ 310,862 | 1.26% |
| 2014-15 Budget | 32 | \$ 307,000 | 1.72% |
| 2013-14 Actuals | 31 | \$ 301,808 | 11.9% |
| 2012-13 Actuals | 29 | \$ 272,726 | 10.3% |
| 2011-12 Actuals | 29 | \$ 247,236 | 6% |
| 2010-11 Actuals | 30 | \$ 233,184 | -1% |
| 2009-10 Actuals | 29 | \$ 234,626 | N/A |

Handle Tax – OTB

The pari-mutuel handle is the total daily gross receipts from all in-state pari-mutuel machines, or the total amount of money wagering in the City of Prospect Heights at an approved satellite location (off-track betting) on live horse racing. Currently the pari-mutuel tax is one percent of the total pari-mutuel handle at racing facilities. The amount is estimated at \$96,000 or \$8,000 per month. The City opened its first OTB establishment in May, 2012. On July 13, 2009 Governor Pat Quinn signed the Illinois Video Gaming Act making video gaming terminals legal in Illinois. The Act allows for video gaming terminals to be placed in certain liquor establishments, truck stops and fraternal/veterans clubs throughout the state.

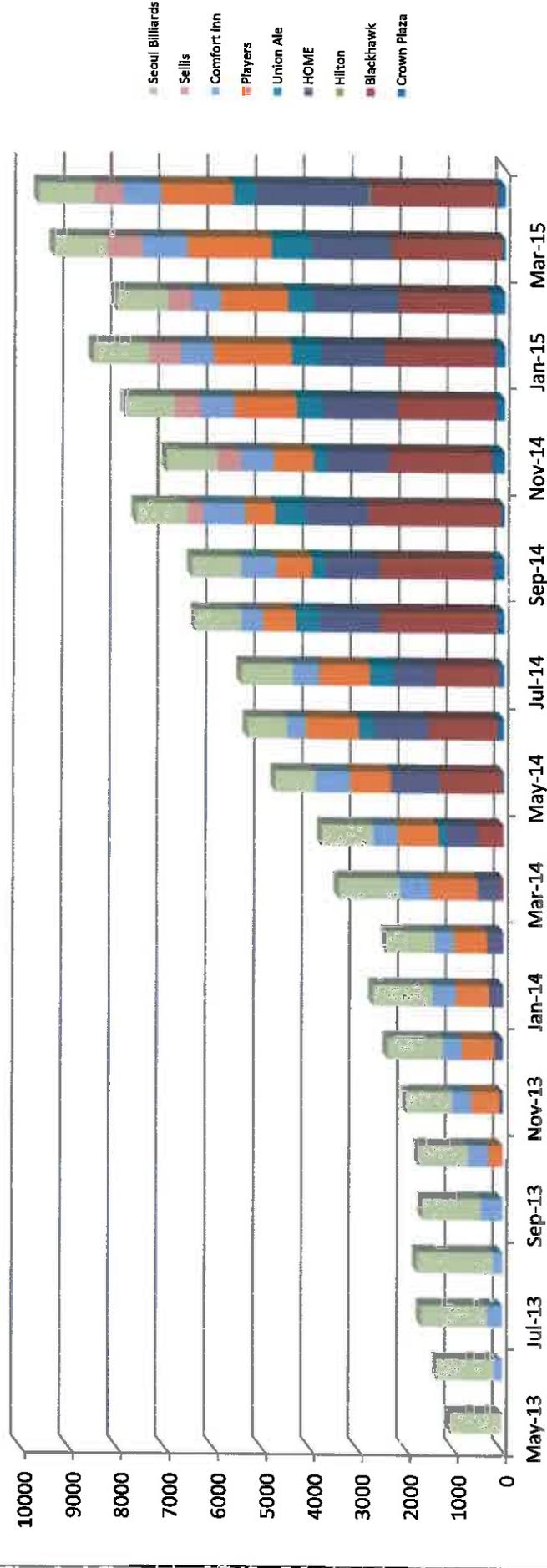
Video Gaming

The Illinois Gaming Board (the IGB or Board) has the responsibility of implementing and regulating video gaming in Illinois. Initially, the Board established several administrative rules and guidelines for all businesses that apply for the required gaming license. The rules will provide guidance on matters such as, but not limited to, standards, testing requirements, application procedures and violation hearings.

The City of Prospect Heights City Council approved the installation of video gaming machines within permissible establishments as allowed by the Video Gaming Act on June 11, 2012. Jurisdiction over video gaming oversight is with the State of Illinois Gaming Board.

Since the passage of the City's gaming ordinance, there are nine establishments that are licensed under the Act. From the beginning of operations by the first establishment approved in May 2013 to date, the City has received \$112,878 in gaming tax. We are projecting \$87,600 in income for FY2015/16. The gaming tax has provided the City with a revenue source not directly imposed on its residents and will help to balance our overall budget.

Gaming Tax



Amusement Tax

The Amusement tax is a tax imposed upon all persons participating in or viewing or witnessing all amusements within the city of Prospect Heights, payable upon each admission, in an amount equal to three percent (3%) of the admission fees, participation fees, viewing or other charges paid for the privilege to participate in the amusements or to gain admittance or access for viewing or witnessing the amusements. The tax herein imposed is in addition to all other taxes imposed by the county of Cook, the state of Illinois or any political subdivision of any of the foregoing.

Illinois Income Tax

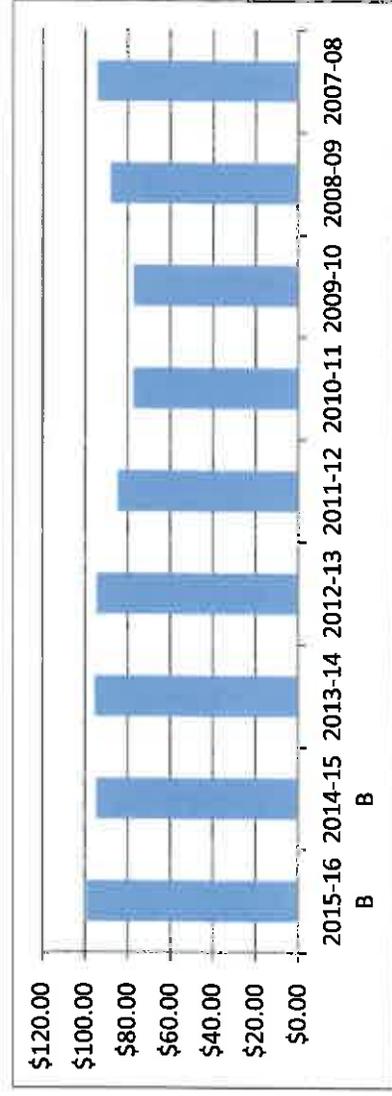
Illinois Income Tax is imposed on every individual, corporation, trust and estate earning or receiving income in the state. The tax is a flat five percent of income for individuals and seven percent for corporations. The Village receives a pro rata allocation of Income Tax from the State of Illinois based on six percent of net personal and corporate taxes. The five percent income tax is scheduled to roll back to 3.75 percent on January 1, 2015. Regardless of the change, it is anticipated that the change will not impact municipal collections, although there is a perennial concern that the Illinois legislature will reduce the amount remitted to municipalities to address state budget deficits.

Illinois Income Tax (continued)

Income taxes are allocated on a per capita basis to municipalities. The 2010 Census Population and Housing Occupancy Status information was related last year and reflects the City at a population rate of 16,256 which is an 825 decrease from the 2000 Census of 17,081. Based upon data provided by the Illinois Municipal League (IML), the tax is projected at \$99.00 per capita or \$1,609,344.

Unemployment in the state of Illinois is beginning to recover to pre-recessionary levels. The state unemployment rate is 6.0 percent (March 2015) compared to 7.7 percent one year ago. Sectors still adding jobs include professional and business services, education, healthcare and trade, transportation and utilities. Government has lost the most jobs since January, 2010. Historical Illinois Income Tax is reflected below:

| Fiscal Year | Revenues | Per Capita | % inc/(dec) |
|----------------|--------------|------------|-------------|
| 2015-16 Budget | \$ 1,609,344 | \$ 99.00 | 4.5% |
| 2014-15 Budget | \$ 1,540,000 | \$ 94.73 | -8% |
| 2013-14 | \$ 1,552,422 | \$ 95.50 | .9% |
| 2012-13 | \$ 1,538,101 | \$ 94.62 | 11.7% |
| 2011-12 | \$ 1,377,307 | \$ 80.63 | 4.2% |
| 2010-11 | \$ 1,321,848 | \$ 77.39 | 0.3% |
| 2009-10 | \$ 1,317,403 | \$ 77.13 | -12.4% |
| 2008-09 | \$ 1,504,248 | \$ 88.07 | -6.5% |
| 2007-08 | \$ 1,609,310 | \$ 94.22 | 13.1% |



Use Tax

The City receives a share of the total collections of the State use tax that is extended to items purchased outside of Illinois. The State distributes this tax to the municipalities on a per capita basis. The Use tax is based upon an estimate of \$18.45 per capita. History of local use taxes is presented below:

| Fiscal Year | Revenues | Per Capita | % inc/(dec) |
|----------------|------------|------------|-------------|
| 2015-16 Budget | \$ 300,000 | \$ 18.45 | 5.3% |
| 2014-15 Budget | \$ 285,000 | \$ 17.53 | 0.0% |
| 2013-14 | \$ 283,614 | \$ 17.45 | 4.1% |
| 2012-13 | \$ 260,876 | \$ 16.08 | -6.1% |
| 2011-12 (1) | \$ 277,752 | \$ 16.26 | -2.8% |
| 2010-11 | \$ 243,943 | \$ 14.28 | 21.8% |
| 2009-10 | \$ 200,270 | \$ 11.72 | -18.6% |
| 2008-09 | \$ 245,935 | \$ 14.40 | 4.5% |
| 2007-08 | \$ 235,359 | \$ 13.78 | 6.2% |

- (1) Includes two extra months of use tax revenue due to accounting correction from prior years. Also, fiscal year 2011-12 and prior are based upon the 2000 census figures of 17,081.

Personal Property Replacement Tax

Replacement taxes are revenues collected by the state of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away. These taxes resulted when the new Illinois Constitution directed the legislature to abolish business personal property taxes and replace the revenue lost by local government units and school districts. In 1979, a law was enacted to provide for statewide taxes to replace the monies lost to local governments. Corporations, partnerships, trusts, S corporations and public utilities pay these taxes. The rates are as follows: Corporations pay a 2.5 percent tax on income, partnerships, trusts, and S corporations pay a 1.5 percent tax on income, public utilities pay a 0.8 percent tax on invested capital.

The proceeds from these taxes are placed into the Personal Property Replacement Tax Fund to be distributed to local taxing districts. The total collections are divided into two portions. One portion (51.65 percent) goes to Cook County. The other portion (48.35 percent) goes to downstate counties. The Cook County portion is then distributed to the taxing districts in Cook County on the basis of each district's share of personal property tax collections for the 1976 year. This percentage is called the district's "allocation factor."

Motor Fuel Tax

The Motor Fuel Tax is imposed on the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. It is paid by distributors and suppliers who collect the tax from their customers. The FY2015-16 budgeted MFT proceeds of \$386,893 based upon amounts estimated by the Illinois Municipal League. This revenue is distributed on a per capita basis. The amount is estimated at \$23.80 per capita. The amount is approximately \$75,000 lower than prior years due to the elimination of the Jobs Now program funding.

Elevated fuel costs, alternative energy, high unemployment numbers, and technological advancement that allow for more employees to telecommute, will continue to impact growth in this revenue. These revenues are used to fund the annual street maintenance program, salt purchases and the Schoenbeck/Willow sidewalk project. The MFT funds have also been adversely impacted due to a 4.8% decrease in population as reported in the 2010 census to 16,256 residents.

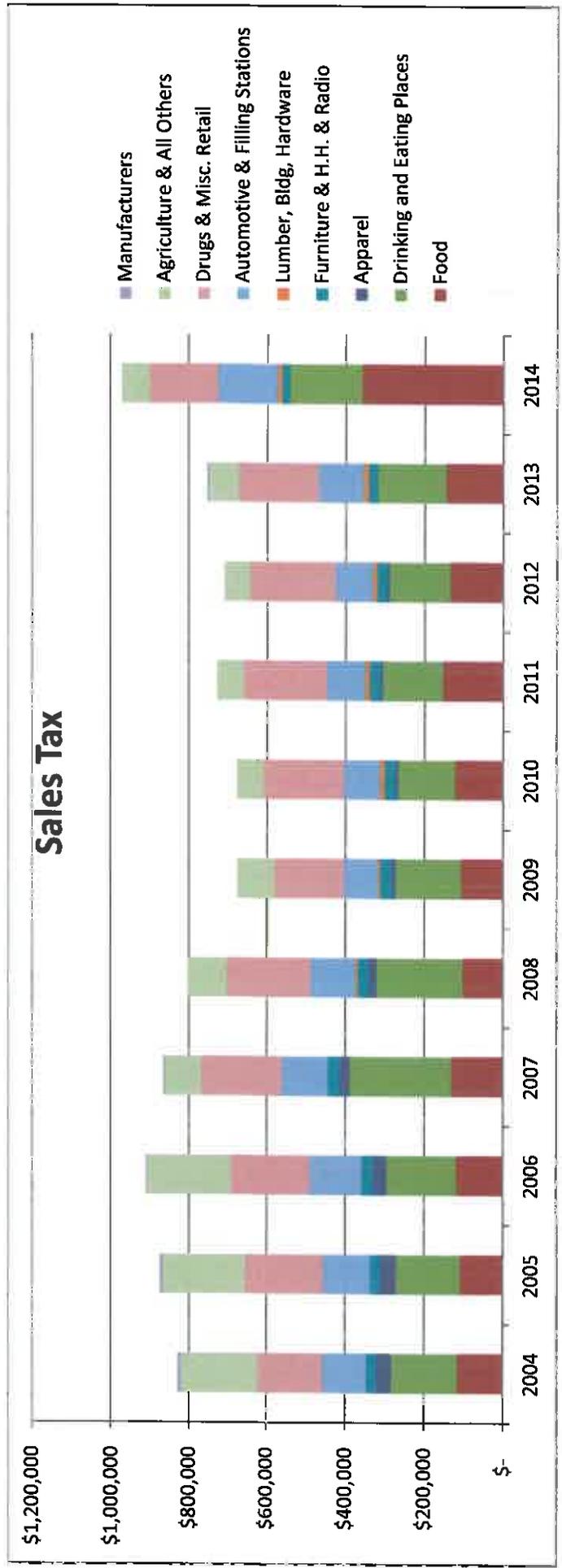
Sales Tax

The City receives one cent (\$0.01) for each dollar of retail sales. The largest sales tax generators are Drug and Miscellaneous retailers (Walgreens) whose sales are not heavily influenced by economic conditions. The impact of the recession continues to affect all retailers as revenues are down 17% from the pre-recessionary peak in 2006. Largely contributing to the precipitous decline was the loss of Omni then Dominick's Grocery Store. The following chart summarizes sales tax collections over the last ten years. The FY2014-2015 sales tax revenues are projected to increase by 1.55% based upon the COGFA projection and a \$350,000 increase related to the opening of Ultra Foods. Note: Per an agreement with Ultra Foods, a portion of Sales and Use Tax will be rebated back to the retailer.

The City's Sales tax rate are collected by the State of Illinois and divided among the taxing districts as follows: State Tax: 6.25%, Cook County Tax .75%, and City Municipal Tax 1% and Non-Home Rule Tax of .5% for a total Sales Tax Rate of 8.50%.

Sales Tax Collections

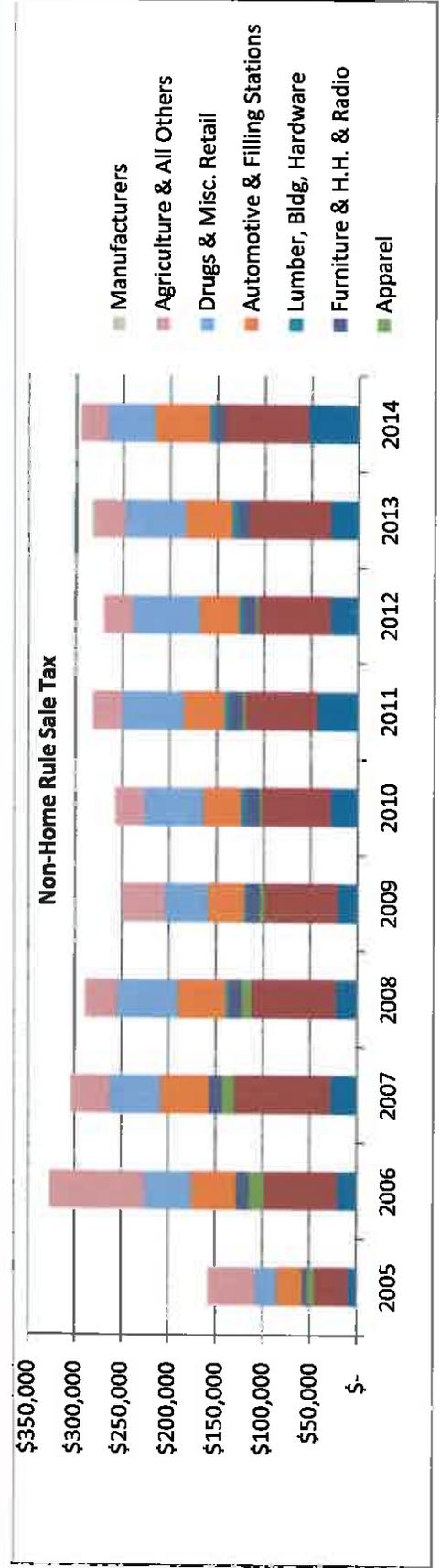
| Sales Tax | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Food | \$115,348 | \$107,807 | \$117,040 | \$130,081 | \$101,964 | \$106,410 | \$121,171 | \$152,351 | \$133,768 | \$144,027 | \$357,378 |
| Drinking & Eating Places | 167,553 | 162,939 | 179,261 | 258,559 | 218,555 | 166,615 | 145,295 | 152,708 | 154,219 | 174,266 | 184,757 |
| Apparel | 39,136 | 41,061 | 33,454 | 26,387 | 20,217 | 10,995 | 6,661 | 6,380 | 6,416 | - | - |
| Furniture & H.H. & Radio | 23,363 | 24,486 | 28,419 | 28,865 | 28,000 | 27,652 | 28,087 | 28,024 | 26,104 | 24,330 | 21,462 |
| Lumber, Bldg, Hardware | - | - | - | - | 6,412 | 5,159 | 10,862 | 10,067 | 10,028 | 11,654 | 10,290 |
| Automotive & Filling Stations | 111,810 | 119,276 | 131,520 | 116,800 | 113,253 | 86,444 | 91,788 | 97,985 | 94,981 | 114,943 | 150,517 |
| Drugs & Misc. Retail | 165,487 | 200,533 | 203,064 | 208,103 | 215,253 | 176,769 | 205,095 | 210,793 | 216,589 | 202,437 | 174,312 |
| Agriculture & All Others | 197,628 | 210,906 | 213,007 | 92,379 | 99,889 | 96,217 | 68,688 | 69,361 | 67,327 | 75,251 | 69,513 |
| Manufacturers | 9,872 | 7,411 | 4,559 | 4,371 | - | - | - | - | - | 6,486 | 1,889 |
| Total | \$832,202 | \$876,422 | \$912,331 | \$867,553 | \$805,551 | 678,268 | \$679,657 | \$729,679 | \$711,444 | \$753,394 | \$970,118 |



Non-Home Rule Sales Tax

In July 2005, the City assessed a one-half cent (\$.005) local option sales tax against all retail sales except food and drug items and personal property titled with the State of Illinois. Performance of this revenue tends to mirror performance of the above referenced municipal sales tax, except for those excluded retail classes. Based upon HB5362, the City will be including the non-home rule sales tax in the General Fund and eliminating the Non-Home Rule Sales Tax Fund #15. The House Bill amends the Illinois Municipal Code and provides that the corporate authorities of a non-home rule municipality may, until December 31, 2020 (now, December 31, 2015), use the proceeds of a tax imposed under the Non-Home Rule Municipal Retailers' Occupation Tax Act, Non-Home Rule Municipal Service Occupation Tax Act, or the Non-Home Rule Municipal Use Tax Act for expenditure on municipal operations, in addition to or in lieu of any expenditure on public infrastructure or for property tax relief. (Approved 7/20/12)

| Non-Home Rule Sales | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------|-----------|-----------|------------|------------|------------|------------|------------|------------|-----------|
| Food | \$ 9,125 | \$20,953 | \$27,665 | \$ 22,403 | \$ 20,863 | \$ 28,387 | \$ 42,844 | \$ 28,826 | \$ 29,147 | \$53,052 |
| Drinking and Eating Places | 35,074 | 76,371 | 101,924 | 89,346 | 77,110 | 72,635 | 76,350 | 76,884 | 86,845 | 89,408 |
| Apparel | 7,867 | 16,706 | 13,194 | 10,109 | 5,498 | 3,330 | 3,190 | 3,208 | - | - |
| Furniture & H.H. & Radio | 5,584 | 13,763 | 14,115 | 13,983 | 13,826 | 14,044 | 14,012 | 13,052 | 12,165 | 10,731 |
| Lumber, Bldg, Hardware | - | - | - | 3,206 | 2,579 | 5,431 | 5,033 | 5,014 | 5,827 | 5,145 |
| Automotive & Filling Stations | 26,772 | 47,230 | 50,866 | 50,744 | 38,608 | 39,868 | 43,315 | 41,433 | 49,244 | 57,740 |
| Drugs & Misc. Retail | 22,872 | 50,171 | 54,604 | 65,446 | 45,973 | 62,916 | 65,716 | 70,726 | 64,526 | 50,102 |
| Agriculture & All Others | 49,221 | 100,387 | 40,433 | 33,923 | 45,192 | 31,119 | 31,236 | 30,759 | 32,675 | 28,619 |
| Manufacturers | 1,763 | 1,992 | 1,975 | - | - | - | - | - | 3,157 | 859 |
| Total | \$ 158,278 | \$327,571 | \$304,776 | \$ 289,161 | \$ 249,649 | \$ 257,730 | \$ 281,695 | \$ 269,902 | \$ 283,587 | \$295,656 |



Glenview Shared Revenue

The Glenview Intergovernmental Agreement (IGA) is an agreement between the City of Prospect Heights and the Village of Glenview. The agreement states that the City will receive 8.2% of all sales, property and hotel tax revenue generated by the Palatine/Sander Road development. The project is still under construction; most of the property is being held by the Village and is exempt from taxation. The budget reflects slow growth in the area and the revenue is anticipated to be the same as the FY2014-15 forecast. There is potential development anticipated for the area including an apartment building offering 238 units and at the south end of the development, a 75,000-square-foot Mariano's is planned with a 30,000-square-foot retail/bank center; however, a small portion of the financial revenues will be realized in this budgeted fiscal year

Grant Revenue

The grant revenue reflects the following grants:

| <u>Grant Name</u> | <u>Grant Amount</u> | <u>City Match</u> |
|---|---------------------|-------------------|
| Victims in Crime Act (VOCA) | \$ 64,067 | \$16,017 |
| IDOT Selective Traffic Enforcement Program (STEP) | \$ 9,000 | None |
| Police Tobacco Enforcement Grant (TEP) | \$ 2,090 | None |

Victims of Crime Act (VOCA) was created in 1984. The Crime Victims Fund is a special account that provides critical funding dedicated solely to helping millions of victims of all types of crimes every year. The Fund comes from Federal criminal fines and penalties; not taxpayers. VOCA-funded state victim assistance grants support direct services, such as emergency shelter, crisis intervention, counseling and assistance in participating in the criminal justice system.

The Illinois Department of Transportation (IDOT) continues to provide the City of Prospect Heights Police Department with a Selective Traffic Enforcement Program (STEP) grant. The grant allows for reimbursement of six holiday campaigns to reduce motor vehicle accidents, focusing on impaired driving and seatbelt enforcement. The five holiday campaigns last for several weeks each and include; St. Patrick's Day, Memorial Day, July 4th, Labor Day, Thanksgiving, and Christmas/New Years.

Beginning in fiscal year 2001, the Illinois General Assembly began making yearly appropriations from the Tobacco Settlement Fund to the Commission's Tobacco Enforcement Program (TEP). Through this appropriation, grants are awarded to communities to conduct retail education and enforcement programs.

Vehicle Stickers & Licenses

Vehicle stickers and animal licenses were budgeted based on the most recent data. In FY2013-14, the City began a vehicle sticker enforcement program realizing a \$125,000 increase in revenues. The City has budgeted revenues to be the same as the prior year budget as no change in the revenues are anticipated. The Business and liquor licenses were budgeted to reflect current statistics as to the number and categories of licenses with no fee increase. Fees were last increased in FY2009-2010, which was the first increase since 2002. The license revenues are projected to be slightly lower than forecasted in FY2014-2015 based upon current actual licenses and revenue projections due to the reduction in licenses and retailers lowering their class of license.

The budget for Contractor licenses is projected to be slightly lower due to the completion of the Lexington Home build out with fees remaining at current levels. These fees were increased from \$25 to \$100 in FY2009-2010

Franchise Fees

Franchise Fees are comprised of Cable, Solid Waste, and Natural Gas Franchise Fees. Cable and Solid Waste franchise fees are projected to remain flat from year to year and the Natural Gas Franchise Fees are anticipated to be remain the same as the prior year due to a relatively normal winter. The fees are detailed as follows:

| <u>Cable Company</u> | <u>Revenue Basis</u> | <u>Amount</u> |
|----------------------------------|---|---------------|
| Comcast | 5% of quarterly gross revenue | \$95,000 |
| WOW | 5% franchise fee plus 1% peg fee of quarterly gross revenue | \$38,000 |
| U-Verse | 5% franchise fee plus 1% peg fee of quarterly gross revenue | \$21,000 |
| | | |
| <u>Solid Waste</u> | | |
| ARC Disposal Company, Inc. | Fixed rate per contract | \$50,000 |
| ARC Disposal Company, Inc. | Commercial fees at \$6 per yard | \$32,000 |
| | | |
| <u>Natural Gas Franchise Fee</u> | | |
| NiCor | Paid annually in February. Calculated by taking 44,000 therm Allocation times rolling 3 year average Gas Supply Charge (GSC). | \$24,500 |

Note: Therm allocation is based upon population.

Building Revenue & Fees

A significant percentage of this revenue should be considered as non-recurring and is reliant upon the economic conditions. Total building revenue and fees are estimated to be \$391,500 which is an increase compared to the prior year forecast. A slow but anticipated economic turn-around is projected which includes the following developments: Assisted Living Facility and 5 new single family homes. The Building and Development department will be implementing a new fee schedule which should increase the revenue stream; including permit fees, public hearing fees, certificate of occupancy fees, and building re-inspection fees.

Public Safety Fines and Fees

Public Safety Fines and Fees are anticipated to decrease \$120,000. The decrease is due the reduction in repeat offenders at the red light camera intersection and two months of lost revenue due to road construction at Milwaukee and Palatine Roads. The City has been approved to begin its collection through the State's Debt Recovery program. The City hopes to offset the loss of the vehicle sticker program revenues by the Debt Recovery Program collections. The City will continue with its Vehicle Seizure fee which relates to charging \$500 for cars that are impounded due to violations. The budget is based upon the impounding of 13 to 14 vehicles per month at \$500 each.

Police Special Revenue

Police Special Revenue includes revenue from: Task Force - \$15,000 for reimbursement for overtime generated by officers assigned to DEA, Special Details - \$20,000 for payments related to officers' time on special billable details, and Charitable Games Tax - \$1,800 related to a tax which is imposed on the net proceeds of charitable games. Annual license fees are imposed on suppliers and providers of such games. Operators must pay a license fee every two years.

Interfund Service Charges

The General Fund provides a variety of services that support the activities and projects of other funds. In order to recognize the cost of those services in the appropriate fund, and to reimburse the General Fund, these schedules have been developed. The schedules demonstrate and track the methodology for cost allocation, and provide a basis for future continuity in the application of cost transfers. The Interfund charges are based upon direct costs which are costs that provide measurable, direct benefits to particular programs plus indirect expenses based upon an indirect cost rate.

Indirect costs are those costs that cannot be directly charged to a particular program, but are attributed to services, which are necessary to operate the program. Such services include, but are not limited to, accounting, budgeting, payroll preparation, personnel management, and purchasing. The City will calculate an indirect cost rate which is applied to the direct labor costs. In general terms, an indirect cost rate is the percentage of an organization's indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

The allocation of indirect costs to programs is important because general management costs are necessary for any program to exist. For instance, all programs will use the business office at one time or another for services such as contracts, purchasing, payroll checks, and personnel management. Without the benefit of an indirect cost rate, there would be no standard way for each program to contribute its share of the general management costs without spending a lot of staff time having to "time account" to each activity. By using an indirect cost rate, the City has a standardized, efficient way to recover a share of general management costs from individual programs.

Certain costs are excluded from the calculation of the indirect costs because they require relatively minimal administrative support compared to the amount of dollars spent. These costs will distort the indirect cost process and are excluded from the calculation of the indirect cost rate. The following costs have been excluded from the calculation: grant expense, capital outlay which includes expenditures for items such as the acquisition of land, improvements to sites, construction or purchase of new buildings, major expansions, and capitalized equipment and other financing uses such as transfers out, debt service, and transfers between funds.

| | | |
|--------------------------|---|----------------------------|
| <u>Department</u> | <u>Direct Costs - Allocation Basis</u> | <u>Indirect Cost Rates</u> |
| Public Works/Engineering | Actual Hours per Employee times Actual Hourly Rate | 196.49% |
| Administration | 50% based upon # of journal entries and 50% on # of funds | 292.08% |
| Police | Actual Hours per Employee times Actual Hourly Rate | 193.32% |
| Building & Development | % of time spent on a project by employee times Actual Hourly Rate | 196.49% |
| | | FY2015-2016 Budget |

Reimbursable Income

Reimbursable income is comprised of: Employee Salary Reimbursement which is related to the Crossing Guard wages and fringe benefits reimbursed by the school district, Employee Insurance Reimbursement which is the non-local 150 union employees 10% contribution to their health and dental insurance premiums, Retiree Dental Insurance Reimbursement which is the monthly insurance premiums that retired employees pay and the amount is 100% of the premium amount, Fire District Gas Reimbursement is the payment from the Prospect Heights Fire Department for the sale of gasoline which includes a 5% administrative fee, and Professional Engineering Fees Reimbursement which includes reimbursement from developers for the City's out-of-pocket costs for engineering services.

Investment Revenue

The City's investments are guided by two investment policies related to the Police Pension Fund and All Other City Funds. Total revenue is expected to be \$26,437 for non-Pension funds. The interest income amount includes \$4,500 from a Line of Credit; the City is providing to SSA#8. The City funds are invested in money market accounts with expected yields of 0.10% to 0.35%. Due to the City's current increased cash position, alternative investments are being investigated to increase the yield. The Police Pension funds have interest rate targets of 7% for their actuarial assumptions and the City chose a more conservative rate of 5% for the budget assumptions. The Pension fund is the only City fund that purchases equity investments.

Police Pension Revenues

The City maintains a police pension trust fund mandated by Illinois Compiled Statutes for sworn police officers. All other full-time City employees are covered by the Illinois Municipal Retirement Fund (IMRF) or a statewide Public Employees Retirement System (PERS)

Revenues estimates for the Police Pension Funds are calculated by an independent actuary. The City estimated revenues are conservative at 5% versus the actuarial estimate of 7%. The actual FY2014-2015 investment return as of March 31, 2015 was a positive \$1,414,292. The property tax levy for FY2015-16 was increased by .8% (rate of inflation) as limited by the Property Tax Extension Limitation Law (PTELL).

Sponsorship & Contributions

The Sponsorship & Contributions income line item includes Mayor's breakfast plate charges and table sponsorship and \$27,500 revenue from July 3rd event co-sponsors with Wheeling & Airport.

Sale of City Property

The City is anticipating selling 2 squad cars for \$2,500 each and 1 public works vehicle a 1 ton dump truck for \$5,000.

Miscellaneous Income

The miscellaneous income line item includes fees charged to receive police reports or other revenues under \$1,000 which do not substantiate its own line item. The line item is budgeted at zero to be conservative.

Other Revenue Sources

The above information highlights the key revenue sources of the City. Other revenues are less material and are projected to be in line with inflation or other economic driven trending.

DEA Seizure Fund

The DEA was established to track the collection and use of seized funds. The U.S. Department of Justice recommends that anticipated shared property not be obligated or budgeted for two reasons: (1) the completion of the forfeiture is uncertain; and (2) the amount of the sharing that will ultimately be approved is also uncertain. For example, the City's equitable sharing receipts have been received as quickly as 111 days or as long as 2,478 days following the seizure date and its sharing percentage has ranged from 1% up to 20%. The City has not budgeted any income.

Since the City assigned an officer to the DEA task force in FY2008, the City has been involved in seizures totaling \$22.32 million. Of the cases that have been completed and closed, the City has received \$1,740,682 in shared revenues or approximately 7.8% of the seizure total. The City has approximately \$1.9 million in seizure cases still pending. At an average 15.6% shared distribution, the City could receive \$295,324 in shared revenues from these pending cases. Below is a schedule of seizures still open with the sharing percentage being the amount requested.

| Seizure Dates | Seizure Amount | Sharing % | Sharing Amount |
|---------------|---------------------|-----------|-------------------|
| FY 2011-12 | 638,024 | 10% | 63,802 |
| FY 2013-14 | 870,201 | 20% | 174,040 |
| FY 2014-15 | 387,276 | 8% - 10% | 57,481 |
| Total | \$ 1,895,501 | | \$ 295,324 |

Solid Waste Franchise Fees

The City of Prospect Heights, along with 22 other North and Northwest Suburban Cook County municipalities, has entered into an intergovernmental agreement thereby creating the “Solid Waste Agency of Northern Cook County” (SWANCC) to provide an efficient and environmentally sound municipal solid waste disposal system. The City contractor is required to pay to the City a predetermined municipal disposal fee and must utilize the transfer station owned and operated by SWANCC. The City has set up a special revenue fund to account for the “user charges” collected from the hauler and further paid to SWANCC at a set price per ton.

The intergovernmental agreements and project use agreement governs the financing of the SWANCC operation. A Board of Directors, comprised of representatives from the member municipalities, is charged with the responsibility of its future operations and contract negotiations with its members.

The municipalities are required to pay the cost of garbage deposited with SWANCC. Municipalities are billed a base (committed) rate each month and then issued a reconciling (true-up) invoice for actual tonnage dumped. The true-up calculation is completed six-months following the close of the fiscal year and is payable in 4 equal installments. Below is historical information on tonnage dumped by the City, the committed tons billed, the true-up tons generated for the fiscal year (billed during the next fiscal year), and information on cost/ton charged by SWANCC.

As the chart shows, over the past several years the City has experienced a downward trend in the volume of garbage being dumped and an increase in the cost for dumping that garbage. The table below provides seven years of history on the City's solid waste fees.

| Fiscal Year | Actual Tons Dumped | Committed Tons Billed | True-Up Tonnage | SWANCC Cost per Ton |
|------------------|--------------------|-----------------------|-----------------|---------------------|
| 2006-2007 | 7,396 | 4,952 | 2,444 | \$ 57.12 |
| 2007-2008 | 7,560 | 5,240 | 2,320 | \$ 58.30 |
| 2008-2009 | 7,466 | 6,538 | 928 | \$ 57.53 |
| 2009-2010 | 7,331 | 7,162 | 169 | \$ 54.81 |
| 2010-2011 | 6,154 | 7,474 | (1,320) | \$ 54.81 |
| 2011-2012 | 7,027 | 7,594 | (567) | \$ 57.53 |
| 2012-2013 | 7,609 | 7,136 | 473 | \$ 57.53 |
| 2013-2014 | 6,810 | 6,990 | (180) | \$ 58.09 |
| 2014-2015 | 6,987 | 6,940 | 37 | \$ 58.99 |
| 2015-2016 Budget | 7,610 | 7,148 | 462 | \$ 58.15 |

Water Fees

Total fees budgeted for the sale of water for FY2015-2016 is \$814,193. The water fund accounts for the provision of the potable water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, depreciation expense, financing, and billing and collections.

Monies for the Water Fund are generated by the sale of water to the City's current base of 1,090 customers. In FY2010-2011, the Water Fund's rate structure was changed to break out the cost for operation, water purchase and infrastructure (depreciation and debt service for permanent water connection). Under the new rate structure, all customers share equally in the cost of operation, depreciation and debt service. In addition, the customer pays for water consumed at a fixed rate per 1,000 gallons. The cost per 1,000 gallons is calculated by dividing the City's cost to purchase water by the total gallons projected to be sold. The City will be adjusting its rates in FY2015-16 based upon actual costs and recommended increases by the Water Rate Study commissioned in FY2013. Below is the information on the current rate structure.

| Rate Type | May 2011 to April 2013 | May 2013 to April 2014 | May 2014 to April 2015 | May 2015 to April 2016 |
|---|------------------------|------------------------|------------------------|------------------------|
| Delivery Charge (Monthly) | \$18.98 | \$20.30 | \$21.75 | \$23.25 |
| Infrastructure Maintenance Charge (Monthly) | \$ 8.99 | \$ 9.45 | \$ 9.90 | \$10.41 |
| Debt Service Charge (Monthly) | \$ 5.97 | \$ 5.97 | \$ 6.08 | \$ 5.93 |
| Water Sales (per 1,000 gallons) | \$ 6.08 | \$ 6.49 | \$ 6.13 | \$ 6.13 |

The water sales budget reflects projected consumption of 47.5 million gallons at the above listed rate. The delivery charges, infrastructure maintenance budget, and debt service budget reflects a customer base of 1,090 at the above stated rates.

A formal rate study was conducted in FY2012-2013 and the delivery charge & infrastructure/maintenance charge rates are based upon the recommended amount in the study. The new rate structure will better align revenues with both operating expenses and address the future need to build additional reserves to maintain a maturing infrastructure.

Parking Fees

The Parking Fund was established as an enterprise fund to track the revenues and expenses associated with operating and maintaining the Metra parking lot located on Wolf Road.

The Parking Fund derives its revenues in this fund from daily fees and permits issued for use of the 375 parking spaces located within the lot. Historically, the City has experienced an occupancy rate of 28%. The City attributes this underutilization to competition from nearby Mount Prospect, which has a more favorable Metra rate and offers more flexible service schedules.

The City's daily fee (\$1.75) and monthly permit fee (\$35) are competitive with nearby communities.

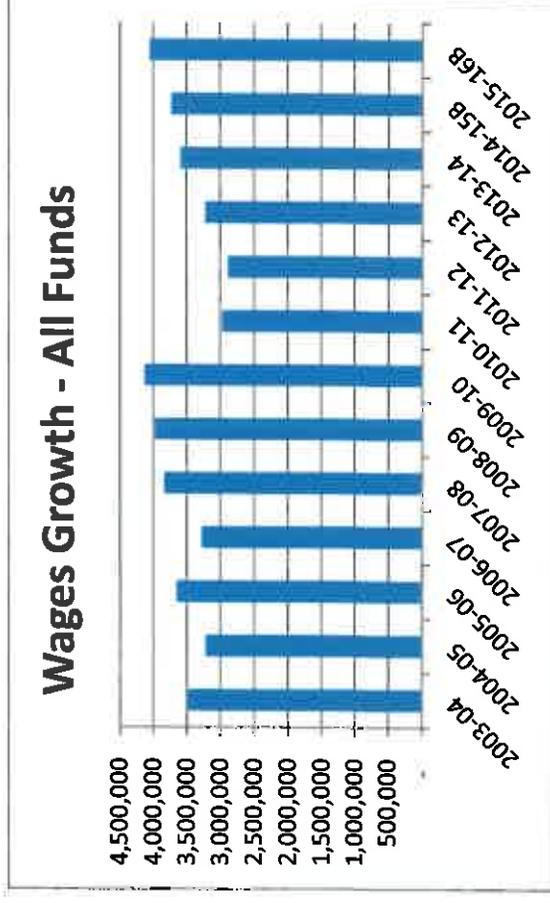
Expenditure Trends and Projections

Personnel Services

The primary purpose of the City of Prospect Heights is to provide high quality services to the residents and those employed within its boundaries. To accomplish that purpose in FY2015-2016, 25 percent of all Village expenditures are allocated to salaries and wages.

The City's pay ranges are evaluated each year to establish both internal and external equity within the market and to ensure fair competitive wages. The recession has been a catalyst in reevaluating the City's pay plan to better adapt to a stagnant economy.

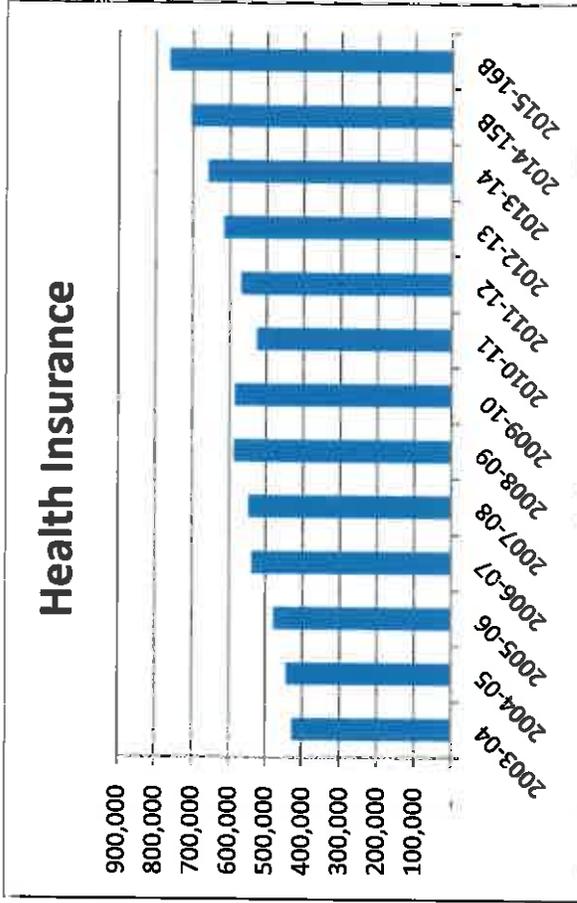
The City has three unionized labor groups subject to collective bargaining agreements: Metropolitan Alliance of Police Chapter 252 representing the police officers, Metropolitan Alliance of Police Chapter 253 representing police sergeants, and the International Union of Operating Engineers Local 150 representing public works employees and certain administrative personnel. All union contracts were renegotiated in FY2013-2014. The Local 150 contract is in effect until April 30, 2016. The two police contracts are in effect until April 30, 2017. The City has budgeted salary increases of 1% to 10% based upon merit and union contracts effective May 1.



The decrease in wages from FY 2009-10 to FY2010-2011 was due to the reduction of six officers and two public works employees and the institution of across-the-board furloughs for city employees in July 2009. Effective January 1, 2012, furloughs were completely ended for all employees. In FY2014-15 the City hired three part-time public service employees to help manage prisoner care. The City anticipates the addition of a new City Administrator, Building and Development Director, Special Advisor to the City, and Assistant City Administrator in FY2015-16.

Personnel Benefits

The City has been proactive in trying to contain medical costs. The City's PPO plans for CY 2014 and CY2015 experience no increase while the HMO plan increased by 4%. Non-union city employees, Metropolitan Alliance of Police Chapters 252 and 253 all contribute 10 percent of the medical and dental premium. The increase from FY2014-15 to FY2015-16 is reflective of the City increasing the number of full time employees by two employees and a slight increase in healthcare costs.



Capital Projects

Capital projects and expenses are those that typically exceed \$10,000. Each year, all proposed capital expenditures are assessed in terms of reliability, performance and forecast maintenance experience. The City then develops a plan to maintain the asset, extending its service life or placing a new asset into service. The City of Prospect Heights prepared its first five year Capital Improvement Plan in FY2014-15.

The City has included a total of \$1,051,000 in the FY2015-2016 budget for improvements to be completed this fiscal year. The programs expenses are for improvements continuing road repairs and maintenance, repairing and installing of additional sidewalks, replacing storm sewers, improving drainage, tree replacement, purchase of a sewer camera, and building a parking lot on Camp McDonald. The City is currently in the final stage of the Road Program. Prospect Heights voters approved a property tax increase to fund bonds for road repairs in an amount not to exceed \$15,000,000 in a referendum on November 2, 2010. Phase I was completed in FY2011-2012, Phase II in FY2012-2013, and Phase III was completed in FY2013-2014.

Other Operating Expenditures

In general, when prices cannot be accurately determined or specific quantities identified, an incremental analysis is performed comparing the estimated actual expense for FY2014-15 along with expenditure trend information. A reasonable estimation of expenditure is developed for FY2015-2016 and included within the line item budget.

Debt Service Expenditures

The City currently has eight bond issues outstanding and one note payable outstanding as of May 1, 2015. The City has five General Obligation Bonds (Series 2008, 2010, 2011A, 2012, 2013), one Special Service Area #6 Obligation (Series 2009), one TIF obligations Bond (Series 2004), and one Taxable Refunding Debt Certificate (Series 2011B). The Notes Payable is due to the City of Prospect Heights General Fund from debt incurred by SSA#8 for the payment of its expenses by other funds. Bond descriptions and amortization schedules are listed within the Debt Profile of this section.

Capital Equipment

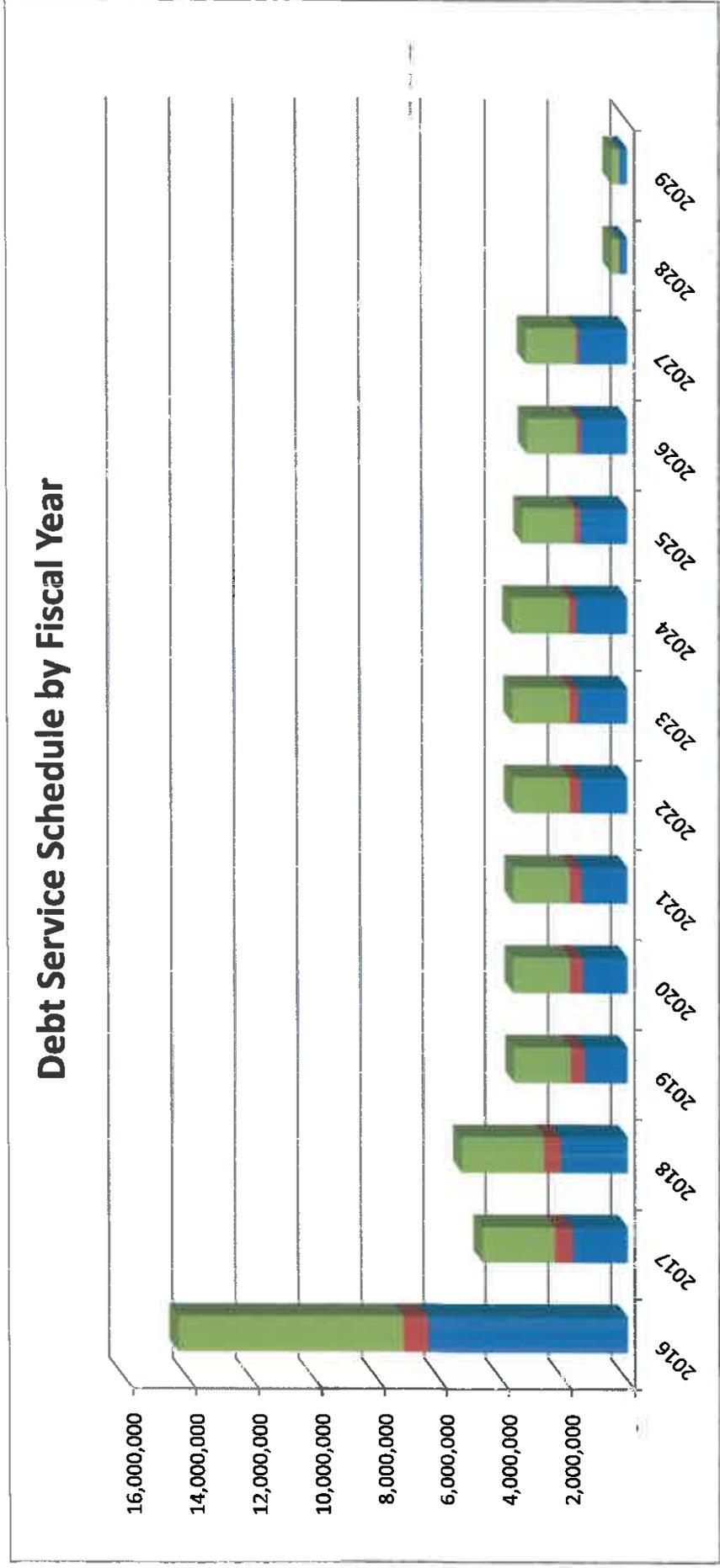
The City maintains a capital reserve account for vehicles. The reserve provides a funding mechanism for eventual replacement of assets. Vehicles are scheduled for replacement based on their anticipated life at purchase. Ultimate replacement decisions are based upon age, mileage and physical conditions. The City aggressively recovers the salvage value of the retired asset through auctions. Also, the City has budgeted the purchase of two new police cars and a televising camera to be used for storm sewers.

Enterprise Fund Expenses

The Water and Parking Funds are considered enterprise funds. Rate structures and user fees should be set at levels that are sufficient to pay related expenses. Property tax subsidies are not used to balance enterprise fund operations. In FY2015-2016, there are no anticipated advances to the Water Fund; however, there is a \$33,242 advance to the Parking Fund from the General Fund. As noted, the Water Fund rates are being evaluated to determine whether increases are needed to provide for sufficient operating revenues and capital reserves.

Debt Position

From time-to-time, the City may use the issuance of long-term debt to further the City's Capital Improvement Program. Long-term debt is used only for capital projects that cannot be financed from current revenue sources. The City accounts for repayment of long term debt in several accounts: The General Fund for the G.O. Debt Certificates, Series 2008, SSA #6 Debt Fund for the Bonds, Series 2009, SSA#8 for Term Note Payable, Water Fund for the G.O. Debt Certificates, Series 2010, and Road Construction Debt Fund for the G.O. Debt Certificates, Series 2011A, 2012, and 2013. Total debt outstanding as of April 30, 2016 is \$23,960,000 in principal and \$4,418,326 in interest for a total of \$28,378,326. The City has budgeted the use of General Fund monies to reduce the Taxable Refunding Debt Certificates by \$2,000,000 and obtain a \$3,350,000 debt certificate to pay the remaining balance plus fees. Below is a chart depicting the future principal and interest payment of all debt.



Debt Service Schedules

| Fiscal Year Ending | Palatine/Milwaukee TIF Load, Series 2004 | | | | G.O. Debt Certificates, Series 2008 | | | | Special Service Area #6 Bonds, Series 2009 | | | |
|--------------------|--|------------------|---------------------|--|-------------------------------------|------------------|--------------------|--|--|--------------------|--------------------|--|
| | Principal | Interest | Total P&I | | Principal | Interest | Total P&I | | Principal | Interest | Total P&I | |
| 2016 | \$420,000 | \$66,885 | \$486,885 | | \$130,000 | \$59,496 | \$189,496 | | \$110,000 | \$129,753 | \$239,753 | |
| 2017 | 445,000 | 46,305 | 491,305 | | 135,000 | 53,871 | 188,871 | | 115,000 | 124,253 | 239,253 | |
| 2018 | 500,000 | 24,500 | 524,500 | | 140,000 | 48,030 | 188,030 | | 120,000 | 118,503 | 238,503 | |
| 2019 | - | - | - | | 145,000 | 41,972 | 186,972 | | 125,000 | 112,143 | 237,143 | |
| 2020 | - | - | - | | 150,000 | 35,698 | 185,698 | | 135,000 | 105,518 | 240,518 | |
| 2021 | - | - | - | | 160,000 | 29,207 | 189,207 | | 140,000 | 98,363 | 238,363 | |
| 2022 | - | - | - | | 165,000 | 22,284 | 187,284 | | 150,000 | 90,383 | 240,383 | |
| 2023 | - | - | - | | 170,000 | 15,145 | 185,145 | | 160,000 | 81,833 | 241,833 | |
| 2024 | - | - | - | | 180,000 | 7,789 | 187,789 | | 170,000 | 72,713 | 242,713 | |
| 2025 | - | - | - | | - | - | - | | 180,000 | 62,513 | 242,513 | |
| 2026 | - | - | - | | - | - | - | | 190,000 | 51,713 | 241,713 | |
| 2027 | - | - | - | | - | - | - | | 200,000 | 40,313 | 240,313 | |
| 2028 | - | - | - | | - | - | - | | 215,000 | 27,813 | 242,813 | |
| 2029 | - | - | - | | - | - | - | | 230,000 | 14,375 | 244,375 | |
| TOTAL | \$1,365,000 | \$137,690 | \$ 1,987,175 | | \$1,375,000 | \$313,491 | \$1,688,491 | | \$2,240,000 | \$1,130,183 | \$3,370,183 | |

Palatine/Milwaukee TIF Load, Series 2004
 Issue Date: April 13, 2004
 Date of Maturity: December 1, 2019
 Amount of Contract: \$5,225,000
 Interest Rate: 4.40% to 4.90%
 Interest Payable: 06/01 and 12/01
 Principal Payable: Annually on 12/01
 Payable to: U.S. Bank, N.A.
 Funding Source: TIF Increment

G.O. Debt Certificates, Series 2008
 Issue Date: March 25, 2007
 Date of Maturity: December 15, 2023
 Amount of Contract: \$2,045,000
 Interest Rate: 4.327%
 Interest Payable: 06/15 and 12/15
 Principal Payable: Annually on 12/15
 Payable to: Bank of America, N.A.
 Funding Source: General Fund

Special Service Area #6 Bonds, Series 2009
 Issue Date: January 29, 2009
 Date of Maturity: December 15, 2028
 Amount of Contract: \$2,800,000
 Interest Rate: 4.00% to 6.25%
 Interest Payable: 06/15 and 12/15
 Principal Payable: Annually on 12/15
 Payable to: U.S. Bank, N.A.
 Funding Source: SSA #6 Taxes

Debt Service Schedules (continued)

| Fiscal Year Ending | Note Payable - SSA #8 Issue Date: May 1, 2013 Date of Maturity: April 30, 2018 Amount of Contract: \$400,000 Interest Rate: 2.5% Interest Payable: 10/13 and 4/30 Principal Payable: Annually on 12/15 Payable to: City of Prospect Heights Funding Source: SSA #8 Taxes | | | G.O. Debt Certificates, Series 2010 Issue Date: July 1, 2010 Date of Maturity: December 15, 2024 Amount of Contract: \$800,000 Interest Rate: 4% to 5.2% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank N.A. Funding Source: Water Fund | | | G.O. Debt Certificates, Series 2011A Issue Date: June 29, 2011 Date of Maturity: December 15, 2026 Amount of Contract: \$5,000,000 Interest Rate: 2.5% TO 4.0% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank N.A. Funding Source: Road Construction Taxes | | |
|--------------------|--|-----------------|------------------|---|------------------|------------------|--|--------------------|--------------------|
| | Principal | Interest | Total P&I | Principal | Interest | Total P&I | Principal | Interest | Total P&I |
| 2016 | | \$7,500 | \$7,500 | \$50,000 | \$27,510 | \$77,510 | \$285,000 | \$152,575 | \$437,575 |
| 2017 | | 7,500 | 7,500 | 55,000 | 25,510 | 80,510 | 295,000 | 145,450 | 440,450 |
| 2018 | \$300,000 | 7,500 | 307,500 | 55,000 | 23,310 | 78,310 | 305,000 | 138,075 | 443,075 |
| 2019 | | | | 55,000 | 21,110 | 76,110 | 315,000 | 128,925 | 443,925 |
| 2020 | | | | 60,000 | 18,910 | 78,910 | 325,000 | 119,475 | 444,475 |
| 2021 | | | | 60,000 | 16,390 | 76,390 | 340,000 | 108,100 | 448,100 |
| 2022 | | | | 65,000 | 13,750 | 78,750 | 355,000 | 96,200 | 451,200 |
| 2023 | | | | 70,000 | 10,760 | 80,760 | 370,000 | 82,000 | 452,000 |
| 2024 | | | | 70,000 | 7,400 | 77,400 | 390,000 | 67,200 | 457,200 |
| 2025 | | | | 75,000 | 3,900 | 78,900 | 410,000 | 51,600 | 461,600 |
| 2026 | | | | | | | 430,000 | 35,200 | 465,200 |
| 2027 | | | | | | | 450,000 | 18,000 | 468,000 |
| 2028 | | | | | | | | | |
| 2029 | | | | | | | | | |
| TOTAL | \$300,000 | \$22,500 | \$322,500 | \$615,000 | \$168,550 | \$783,550 | \$4,270,000 | \$1,142,800 | \$5,412,800 |

Debt Service Schedules (continued)

| CITY OF PROSPECT HEIGHTS ALL ISSUES – COMBINED TOTAL DEBT | | Principal | Interest | Total P&I |
|--|--------------|---------------------|--------------------|---------------------|
| Fiscal Year Ending | April 30th | | | |
| | 2016 | \$7,100,000 | \$804,166 | \$ 7,904,166 |
| | 2017 | 1,725,000 | 580,149 | 2,305,149 |
| | 2018 | 2,110,000 | 523,577 | 2,633,577 |
| | 2019 | 1,345,000 | 454,009 | 1,799,009 |
| | 2020 | 1,395,000 | 415,360 | 1,810,360 |
| | 2021 | 1,440,000 | 373,320 | 1,813,320 |
| | 2022 | 1,490,000 | 329,077 | 1,819,077 |
| | 2023 | 1,545,000 | 281,097 | 1,826,097 |
| | 2024 | 1,610,000 | 230,961 | 1,840,961 |
| | 2025 | 1,490,000 | 176,898 | 1,666,898 |
| | 2026 | 1,465,000 | 127,880 | 1,592,880 |
| | 2027 | 1,530,000 | 79,645 | 1,609,645 |
| | 2028 | 215,000 | 27,813 | 242,813 |
| | 2029 | 230,000 | 14,375 | 244,375 |
| | TOTAL | \$23,960,000 | \$4,418,326 | \$28,378,326 |

Fund Balance Projections by Fund

The fund balance is the fund equity of governmental funds. Changes in fund balances are the result of the difference of revenues and expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues.

The City of Prospect Heights uses cash and investments as a proxy for fund equity in the enterprise funds. The following table depicts the proposed revenues and expenditures by fund for the FY 2015-16 Budget, with surplus (deficit) shown for each fund.

| Fund | Estimated Balance 4/30/15 | FY2015-2016 Revenue | FY2015-2016 Expenditures | Excess of Revenue over Expenditures | Fund Balance 4/30/16 | Reserve Assigned Restricted Funds | Available Funds |
|------------------------------|---------------------------|----------------------|--------------------------|-------------------------------------|----------------------|-----------------------------------|-------------------|
| General Fund | \$ 11,524,357 | \$ 9,220,830 | \$ 10,917,674 | \$ (1,696,844) | \$ 9,827,513 | \$9,762,135 | \$ 65,378 |
| Special Revenue Funds | | | | | | | |
| Motor Fuel Tax | 413,893 | 386,953 | 725,200 | (338,247) | 75,646 | 75,646 | - |
| Palatine/Milwaukee TIF Fund | 437,534 | 511,861 | 1,018,582 | (506,721) | (69,187) | (69,187) | - |
| Tourism District Fund | 703,867 | 711,548 | 1,281,200 | (569,652) | 134,215 | 134,215 | - |
| Development Fund | 3,227,025 | 5,350,003 | 5,221,351 | 128,652 | 3,355,677 | 3,355,677 | - |
| DEA Seizure Fund | 209,926 | - | 141,623 | (141,623) | 68,303 | 68,303 | - |
| Solid Waste Fund | 427,639 | 567,291 | 540,849 | 26,442 | 454,081 | - | 454,081 |
| SSA #1 | (81,233) | 28,300 | 48,433 | (20,133) | (101,366) | (101,366) | - |
| SSA #2 | 32,289 | 44,798 | 49,872 | (5,074) | 27,215 | 27,215 | - |
| SSA #3 | 399,801 | 22,460 | 70,783 | (48,323) | 351,478 | 351,478 | - |
| SSA #4 | 24,228 | 40,021 | 49,293 | (9,272) | 14,956 | 14,956 | - |
| SSA #5 | 263,359 | 6,341 | 197,765 | (191,424) | 71,935 | 71,935 | - |
| SSA #6 Construction | 28,325 | 150 | 68,029 | (67,879) | (39,554) | (39,554) | - |
| SSA #8 | (281,323) | 206,000 | 243,586 | (37,586) | (318,909) | (318,909) | - |
| Debt Service Fund | | | | | | | |
| Road Construction | 546,670 | 1,303,335 | 1,308,412 | (5,077) | 541,593 | 541,593 | - |
| SSA #6 | 170,990 | 239,778 | 240,203 | (425) | 170,565 | 170,565 | - |
| Road Construction | 114,974 | - | 114,000 | (114,000) | 974 | 974 | - |
| Enterprise Funds | | | | | | | |
| Water Fund | 1,043,540 | 814,193 | 952,808 | (138,615) | 904,925 | 904,925 | - |
| Parking Fund | (488,689) | 64,000 | 97,242 | (33,242) | (521,931) | (521,931) | - |
| Fiduciary Funds | | | | | | | |
| Police Pension Fund | 12,242,994 | 1,178,337 | 366,290 | 812,047 | 13,055,041 | 13,055,041 | - |
| Total Funds | \$ 30,960,166 | \$ 20,696,200 | \$ 23,653,195 | \$ (2,956,995) | \$ 28,003,171 | \$ 27,483,712 | \$ 519,459 |

SECTION 5

General Fund Summary and Detail

General Fund
City Council and Boards
Administration
Engineering
Building Department
Public Works
Public Safety
Reimbursable Expense
Grants
Debt Service
Notes Receivable
Capital Outlay



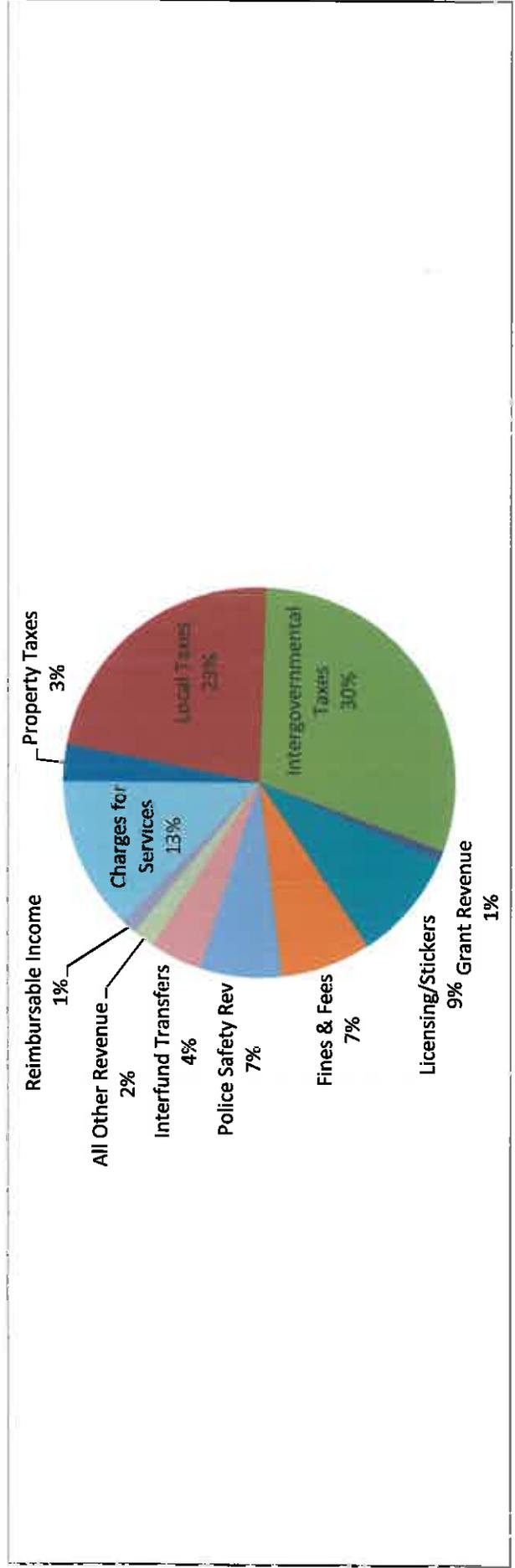
General Fund Summary and Detail

General Fund

The City of Prospect Heights is a non-home rule municipality without a citywide general property tax. The General Fund Revenue Budget for FY2015-2016 is \$9,160,069 representing a decrease from the prior year. The City derives the majority (30%) of its revenue in the General fund from Intergovernmental Taxes (30%), Local Taxes (23%), and Charges for Services (13%). Intergovernmental taxes include Sales tax, Use tax, Income tax, and Personal Property Replacement tax, and Glenview Shared Revenue. Local Taxes include the, utility taxes (telephone, electricity, and natural gas), auto rental tax, Road & Bridge tax, hotel tax, and Places for Eating Tax. Real Estate Taxes includes the Police Pension property tax. Aside from taxes, the City obtains funding for its general operations by charging for services provided to the public, for licenses and permits, for special police details, and by charging other funds in the City for internal services provided by administration, finance, building and public works staff. In addition, the City receives, to a lesser degree, funding from police fines and forfeits.

The City's ability to increase its revenues in the General fund is limited, since the majority of its revenues are linked either to its population or its ability to develop new sales-generating businesses. As a mature community, few parcels exist for construction of new residential properties, which would increase the population and population-based tax receipts. The majority of the residential construction will be limited to renovations, additions and the occasional new construction. For the same reasons, opportunities for new commercial sales-generating construction will be limited.

For more detailed description on revenues and assumptions refer to Section 4 Executive Overview.



General Fund Revenues

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|--------------------------------------|---------------------------------|--------------------|--------------------------|--------------------|--|
| 01-105-3000 | REAL ESTATE TAXES | \$ 276,284 | \$ 276,000 | \$ 278,000 | Adjusted for the CPI as of December 2014 is .8% |
| 01-105-3005 | USE TAX | 285,205 | 285,000 | 300,000 | IML projection is at \$18.50 per capita |
| 01-105-3006 | NON-HOME RULE SALES TAX | 283,614 | 294,958 | 301,000 | Commission on Gov't Forecasting & Accountability (COGFA) projection 2.27% |
| 01-105-3010 | UTILITY - ELECTRIC | 400,386 | 369,000 | 369,000 | Based upon \$.07572 kilowatt - pricing to remain flat |
| 01-105-3011 | UTILITY - NATURAL GAS | 222,181 | 120,000 | 120,000 | Avg. therm use based upon FY2012-13 usage, reflects more normal weather conditions & new agreements based upon \$.035 per therm vs FY2014 rate of \$.051 decrease of 31%. Therm rate reflected in FY2014-15 budget. Flat projections. |
| 01-105-3012 | UTILITY- TELEPHONE | 512,528 | 435,649 | 422,580 | Telecom receipts are expected to decline as consumers continue to switch from landline services to cellular phones and data plans, the latter of which are preempted from state taxation by federal law. Decline expected to plateau, but not before further decline in revenues. Decline projected at 3%. |
| 01-105-3030 | ROAD & BRIDGE TAXES | 32,785 | 30,750 | 30,996 | Adjusted for the CPI as of December 2014 is .8% |
| 01-105-3040 | RENTAL CAR TAXES | 14,574 | 16,000 | 16,000 | Flat projections based upon a 12% renting tax rate |
| 01-105-3050 | PLACES FOR EATING TAX | 301,808 | 307,000 | 310,862 | Currently trending 3% higher than FY2013-2014 |
| 01-105-3060 | HANDLE TAX - OTB | 96,279 | 96,000 | 96,000 | OTB Revenue flat growth |
| 01-105-3065 | VIDEO GAMING TAX | - | 72,000 | 87,600 | Averaging \$7,300/mth |
| 01-105-3070 | AMUSEMENT TAX | 5,259 | 3,600 | 4,800 | 3% of admission fees, participation fees, viewing fees, or other to gain admittance or access to viewing of amusement - Currently trending @\$400/month |
| Total Local Taxes | | \$2,430,903 | \$2,305,957 | \$2,336,838 | |
| 01-110-3100 | INCOME TAXES | \$1,552,422 | \$1,540,000 | \$1,609,344 | IML projection is at \$99.00 per capita |
| 01-110-3101 | PERSONAL PROPERTY REPLACE TAX | 1,768 | 1,630 | 1,630 | IML projection 0% growth. |
| 01-110-3110 | SALES TAXES | 822,982 | 1,028,728 | 1,051,977 | Commission on Gov't Forecasting & Accountability (COGFA) projecting a 2.26% increase |
| 01-110-3111 | GLENVIEW SHARED REVENUE | 16,500 | 10,500 | 10,500 | Intergov't Agreement with Village of Glenview for Palatine/Sanders Road Development. Per agreement City receives 8.2% of sales, property, and hotel tax receipts. Projected at FY2013-2014 estimates |
| 01-110-3113 | AIRPORT SHARING REVENUE | 475,000 | 133,025 | 90,000 | City will need to share Hawthorne Hanger this year |
| Total Intergovernmental Taxes | | \$2,868,672 | \$2,713,883 | \$2,763,451 | |

General Fund Revenues (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|-------------------------------|---------------------------------|-------------------|--------------------------|-------------------|---|
| 01-115-3200 | GRANT REVENUE | \$ 2,121 | \$ - | \$ - | None anticipated |
| 01-115-3210 | GRANT - VOCA | 65,039 | 64,067 | 64,067 | Grant revenue for Victims of Crime Assistance |
| 01-115-3211 | GRANT - DECO | 325,000 | - | - | One time award |
| 01-115-3213 | GRANT - STEP | 8,671 | 9,000 | 9,000 | None anticipated |
| 01-115-3215 | GRANT - DCEO LIGHTING | 29,730 | - | - | None anticipated |
| 01-115-3216 | GRANT - GREEN REGION | - | 10,000 | - | None anticipated |
| 01-115-3244 | GRANT-JAG NON-STIMULUS | - | - | - | None anticipated |
| 01-115-3246 | GRANT-POLICE EQUIPMENT | 275 | - | - | None anticipated |
| 01-115-3247 | GRANT - POLICE TOBACCO | 1,925 | 2,012 | 2,012 | Flat |
| Total Grant Revenue | | \$ 432,761 | \$ 85,079 | \$ 75,079 | |
| 01-120-3300 | VEHICLE STICKERS | \$ 759,682 | \$ 630,000 | \$ 630,000 | 9,000 stickers @\$70 |
| 01-120-3310 | VEH. STICKERS SENIORS | 47,667 | 41,250 | 41,250 | 1,375 Senior Stickers @ \$30 |
| 01-120-3320 | VEH. STICKERS LATE FEES | 83,345 | 12,500 | 16,530 | Less residents paying late - projected at current levels |
| 01-120-3321 | VEH. STICKERS TRANSFERS | 3,780 | 2,600 | 2,500 | 250 transfers @ \$10 |
| Total Vehicle Stickers | | \$ 894,474 | \$ 686,350 | \$ 690,280 | |
| 01-120-3342 | LICENSES - ANIMALS | \$ 12,193 | \$10,800 | \$10,800 | 900 pets @12 per pet |
| | | | | | Class A: 4 @ \$3,300 = \$16,500, Class A-2: 1 @ \$4,400 = \$4,400, Class A-3: 1 @ \$4,000 = \$4,000, Class B: 7 @ \$2,200 = \$15,400, Class B-1: 3 @ \$1,925 = \$5,775, Class B-2: 1 @ \$2,200 = \$2,200, Class C: 3 @ \$3,300 = \$9,900, Class C-1: 5 @ \$1,650 = \$8,250, Class C-2: 1 @ \$3,300 = \$3,300, Class C-3: 1 @ \$1,650 = \$1,650; Class SB: 1 @ \$440 = \$440. |
| 01-120-3343 | LICENSES - LIQUOR | 72,600 | 71,815 | 68,515 | Salon no washroom (8) - \$1,056; Salon w/ washroom (4) - \$726; Billiard Tables (13) - \$145; Kennel 11-25 animals (1) - \$132; Kennel 26 or more (1) - \$198; Laundry no washroom (4) - \$264; Laundry w/ washroom (1) \$115.50; Paint/oil/flammables dealer (24) - \$3,076; Service station pedestal fee (27) - \$1,848; Scavenger service (1) - \$2,559; Swimming pool (11) - \$1,089; Tobacco dealer (20) - \$3,300 - coin operated machine owner (2) - \$990; Coin-op proprietor (25) - \$1,658; Juke box (7) - \$407 |
| 01-120-3344 | LICENSES - BUSINESS | 16,985 | 15,600 | 17,500 | Moved to business licenses |
| 01-120-3345 | LICENSES - COIN OPERATED | 3,523 | 2,400 | - | |

General Fund Revenues (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|--|-------------------|--------------------------|-------------------|--|
| 01-120-3346 | LICENSES - CONTRACTORS | 31,600 | 27,600 | 25,000 | 250 Licensed Contractors at \$100 each |
| 01-120-3347 | LICENSES - FOOD HANDLERS | 32,273 | 32,000 | 32,000 | Flat - no new licenses anticipated |
| | Total Licenses | \$ 169,174 | \$ 160,215 | \$ 153,815 | |
| 01-125-3350 | CABLE FRANCHISE FEES | \$ 185,599 | \$ 185,000 | \$ 185,000 | Same as FY2014-2015 Budget |
| 01-125-3355 | SOLID WASTE FRANCHISE FEES | 100,506 | 82,000 | 82,000 | Same as FY2014-2015 Budget |
| 01-125-3360 | NATURAL GAS FRANCHISE FEES | 23,348 | 24,500 | 24,500 | Same as FY2014-2015 Budget |
| | Franchise Fees | \$ 309,453 | \$ 291,500 | \$ 291,500 | |
| 01-130-3400 | BUILDING PERMITS | \$ 214,771 | \$ 175,000 | \$ 225,000 | Assisted living and 5 new single family homes |
| 01-130-3402 | PUBLIC HEARING FEES | 2,186 | 2,000 | 2,600 | Flat |
| 01-130-3403 | ELEVATOR INSPECTION FEE | 3,925 | 4,200 | 4,200 | 42 Elevators @ \$100 ea |
| 01-130-3404 | CERT. OF OCC. INSPECTG FEES | 1,300 | 300 | 500 | 10 certificates of occupancy |
| 01-130-3405 | HEALTH INSPECTION FEE | 454 | 500 | 500 | 10 Reinspections @ \$50 ea |
| 01-130-3406 | COMMERCIAL INSPECTION FEE | 7,590 | 7,000 | 7,250 | 150 x \$40 & 50 x \$25 |
| 01-130-3410 | BUILDING RE-INSP. FEE | 1,350 | 1,000 | 1,000 | 20 Reinspections @ \$50 ea |
| 01-130-3411 | RENTAL INSPECTION FEE | 159,800 | 150,000 | 150,000 | 1,500 inspections @100.00 |
| | Total Building & Development Fees | \$ 391,375 | \$ 340,000 | \$ 391,050 | |
| 01-140-3500 | TRAFFIC FINES | \$ 465,326 | \$ 420,000 | \$ 300,000 | Moving violations and RedSpeed Revenue \$30,000 per month RedSpeed and \$20,000 Circuit Court Collection - Anticipated RedSpeed plateau as less repeat offenders, 2 months lost revenue due to construction on Milwaukee and Palaine Roads |
| 01-140-3505 | ORDINANCE & PARKING FINES | 276,653 | 180,000 | 180,000 | FY2013-14 includes \$50,000 from Vehicle Sticker Program enforcement. Amount not anticipated in FY2015-16 - Projection same as FY2014-15 |
| 01-140-3510 | LIQUOR FINES | - | 100 | 100 | One projected |
| 01-140-3515 | VEHICLE SEIZURE FEE | 86,250 | 80,000 | 80,000 | 160 seizures @500 each |
| 01-140-3520 | DUI ASSESSMENTS | 6,098 | 5,000 | 6,200 | Average FY2014 & FY2015 and hiring of new officer |
| 01-140-3525 | POLICE ALARM LICENSES & FEES | 15,409 | 11,000 | 11,000 | Flat |
| | Total Public Safety Fines & Fees | \$ 849,736 | \$ 696,100 | \$ 577,300 | |

General Fund Revenues (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|--|---------------------|--------------------------|---------------------|--|
| 01-145-3551 | POLICE REVENUE-TASK FORCE | \$ 17,054 | \$ 15,000 | \$ 15,000 | Same as last year - overtime for Federal (DEA) |
| 01-145-3552 | POLICE REV-ABANDENED PROP EVID | 487 | - | - | None anticipated |
| 01-145-3553 | POLICE REVENUE-SPECIAL DETAILS | 19,516 | 15,000 | 20,000 | Park District and House of Music & Entertainment Detail |
| 01-145-3554 | POLICE REVENUE - GAMING TAX | 29,098 | 1,700 | 1,700 | same as prior year |
| 01-145-3555 | POLICE REVENUE - SEIZED ASSETS | 16,777 | - | - | None anticipated |
| 01-145-3560 | POLICE REVENUE - PROPERTY | 4,526 | 100 | 100 | Flat |
| | Total Public Safety Special Revenue | \$ 87,459 | \$ 31,800 | \$ 36,800 | |
| 01-150-3611 | MFT FUND SERVICE CHARGE | \$ 322,808 | \$ 249,200 | \$ 295,200 | Accounting, B&Z, PW time and O/H |
| 01-150-3612 | TIF SERVICE CHARGE | 131,906 | 77,400 | 82,000 | Accounting, B&Z, PW time and O/H |
| 01-150-3613 | CVB/TOURISM SERVICE CHARGE | 68,271 | 61,200 | 72,700 | Accounting, B&Z, PW time and O/H |
| 01-150-3617 | SOLID WASTE SERVICE CHARGE | 91,136 | 98,000 | 124,000 | Accounting, B&Z, PW time and O/H |
| 01-150-3621 | SSA #1 SERVICE CHARGE | 31,624 | 36,000 | 41,700 | Accounting, B&Z, PW time and O/H |
| 01-150-3622 | SSA #2 SERVICE CHARGE | 34,949 | 38,100 | 43,300 | Accounting, B&Z, PW time and O/H |
| 01-150-3623 | SSA #3 SERVICE CHARGE | 48,915 | 45,900 | 53,000 | Accounting, B&Z, PW time and O/H |
| 01-150-3624 | SSA #4 SERVICE CHARGE | 32,079 | 36,600 | 42,900 | Accounting, B&Z, PW time and O/H |
| 01-150-3625 | SSA #5 SERVICE CHARGE | 45,114 | 51,200 | 54,900 | Accounting, B&Z, PW time and O/H |
| 01-150-3626 | SSA #6 SERVICE CHARGE | 54,268 | 52,000 | 66,300 | Accounting, B&Z, PW time and O/H |
| 01-150-3628 | SSA #8 SERVICE CHARGE | 59,140 | 92,800 | 90,800 | Accounting, B&Z, PW time and O/H |
| 01-150-3631 | ROAD CONST - SERV CHRGR | 351,870 | 229,800 | - | Fund eliminated |
| 01-150-3651 | WATER FUND SERVICE CHARGE | 181,605 | 172,000 | 178,000 | Accounting, B&Z, PW time and O/H |
| 01-150-3652 | PARKING FUND SERVICE CHARGE | 28,597 | 30,000 | 23,000 | Accounting, B&Z, PW time and O/H |
| | Total Interfund Service Charges | \$ 1,482,282 | \$ 1,270,200 | \$ 1,167,800 | |
| 01-155-3700 | EMPLOYEE SALARY REIMBURSE | \$ 40,333 | \$ 42,220 | \$ 42,243 | 4 Crossing Guards for 20 hours for 19 periods @ \$15.53 per hour plus fringe benefits and O/H expenses & Worker's Comp |
| 01-155-3701 | EMPLOYEE EXPENSE REIMBURSE | 786 | 240 | 240 | Personal phone charges \$20 per month |
| 01-155-3702 | EMPLOYEE INS. REIMBURSEMENT | 50,039 | 52,680 | 57,537 | All employees are required to pay 10% of their health insurance & dental insurance premiums, except for employees who are members of the Union Local 150 |

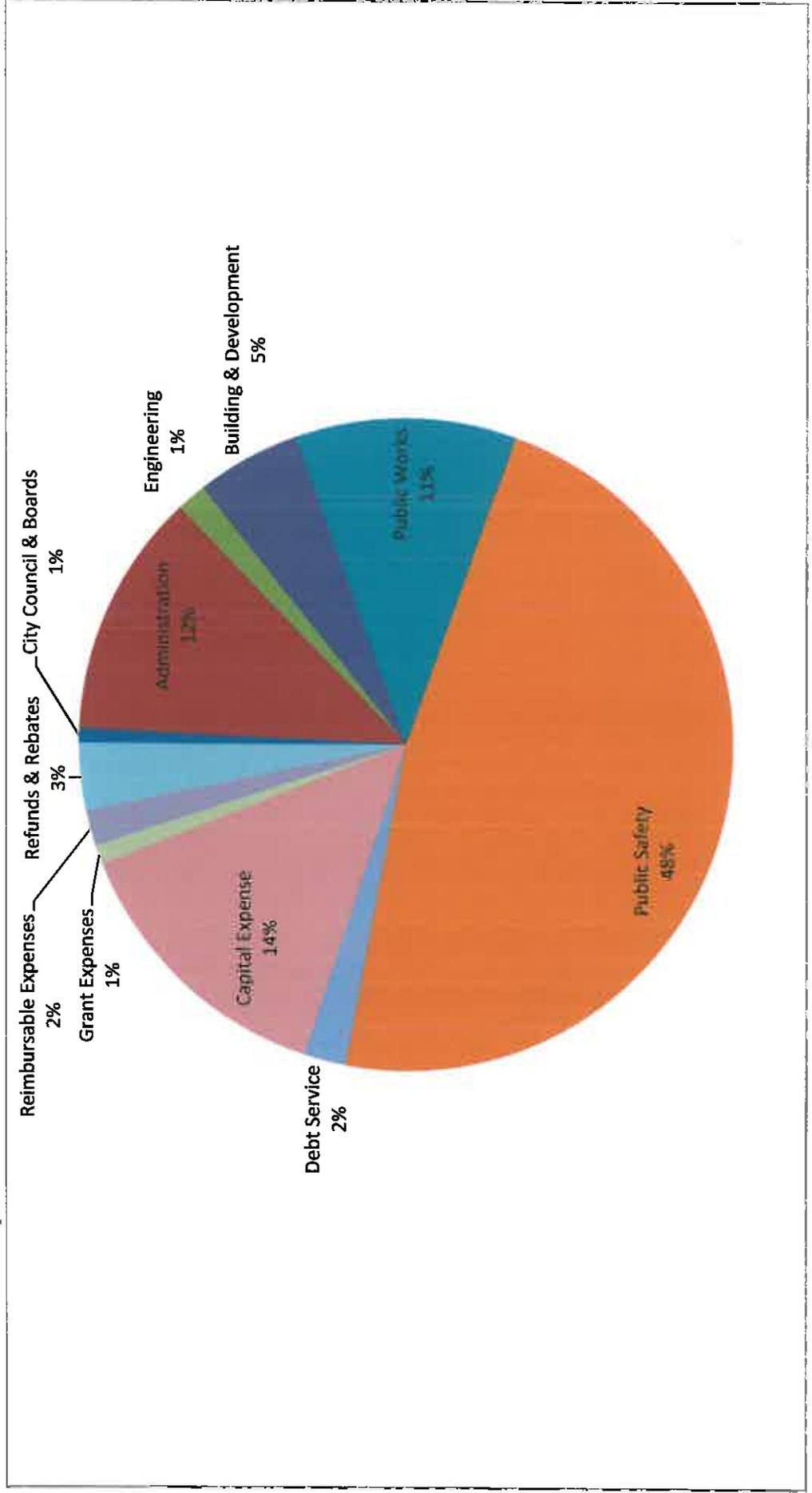
General Fund Revenues (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|---------------------|--------------------------|---------------------|---|
| 01-155-3703 | RETIREE HEALTH INS REIMBURSE | 11,178 | 3,120 | 3,224 | 4 dental |
| 01-155-3720 | FIRE DISTRICT GAS REIMB. | 11,933 | 14,000 | 14,000 | Based upon current actuals |
| 01-155-3721 | PARK DISTRICT REIMBURSEMENT | - | 5,000 | - | None anticipate |
| 01-155-3730 | INSURANCE REIMBURSEMENTS | 8,385 | - | - | None projected |
| 01-155-3741 | BUILDING & ENG DEPT REIMB FEES | 11,559 | 5,000 | 52,000 | Estimated base upon last year plus Old Town Sanitary CCTV (televising) of sewer lines (\$45,000) and Engineering \$7,000 not reimbursed through permits |
| 01-155-3743 | PUBLIC WORKS REIMB FEES | 2,415 | 1,000 | 1,000 | Tourism District included in Service Charges |
| 01-155-3744 | ADMIN REIMBURSABLE FEES | 10,811 | 5,093 | 5,093 | City Administrator & Finance Director Time related to Tourism District |
| 01-155-3745 | PUBLIC SAFETY REIMBURSABLE FEES | 7,018 | - | - | None anticipated |
| | Total Reimbursable Income | \$154,457 | \$128,353 | \$175,337 | |
| 01-160-3800 | INTEREST INCOME | \$18,729 | \$16,296 | \$16,296 | Fund balances remaining the same |
| 01-160-3801 | INTEREST INCOME - DEBT | 9,000 | 6,750 | 4,500 | SSA #8 Interest on Line of Credit 2.25% on \$200,000 |
| 01-160-3805 | NOTE PAYABLE - PRINCIPAL PYMT | - | 100,000 | 100,000 | Principal payment for SSA #8 Note Payable |
| 01-160-3810 | NEWSLETTER ADVERTISING | 11,705 | 3,375 | 3,500 | Flat |
| 01-160-3811 | BUS SHELTERS AD REVENUE | 2,373 | 2,250 | 2,000 | Flat |
| 01-160-3815 | SPONSORSHIP & CONTRIBUTIONS | - | 4,247 | 31,000 | Mayor's Breakfast table sponsorship & admission,\$27,500 rev July 3rd event co-sponsors w/Wheeling & Airport |
| 01-160-3820 | SALE OF CITY PROPERTY | 22,559 | 11,000 | 10,000 | 2 squad cars \$2,500 each and 1 public works vehicle 1 ton dump truck \$5,000 |
| 01-160-3830 | GASOLINE REBATE | 1,768 | 1,500 | 1,500 | Flat and potential less due to lower gas prices |
| 01-160-3840 | AIRPORT MEETING FEES | 3,000 | 3,020 | 3,020 | Estimated base upon last year |
| 01-160-3899 | MISCELLANEOUS INCOME | 10,066 | 18,000 | - | None anticipated for based upon conservative budgeting sponsorship & contributions |
| | Total Other Revenues | \$79,199 | \$166,438 | \$171,816 | |
| 01-200-3990 | INTERFUND TRANSFER IN | 658,190 | 403,433 | 389,764 | Police Reimbursement for Tourism District |
| | General Fund Total Revenues | \$10,808,134 | \$ 9,279,308 | \$ 9,220,830 | |

General Fund Expenditures

The General Fund Expenditures for FY2015-2016 total \$10,917,674 which represents a \$1,024,896 increase from the prior fiscal year budget. The increase reflects the City's focus on Capital Improvements and \$2 million reduction of principal due on a Debt Certificate. The General Fund budget includes expenses for the following departments: City Council & Boards, Administration, Public Safety, Public Works, Engineering, and Building and Development. The expenditures also include capital expenses, debt expense, public safety special revenue expenses, reimbursable expenses, refunds and rebates, and grant expense.

Below is a breakdown of expenses:



Board and Commissions

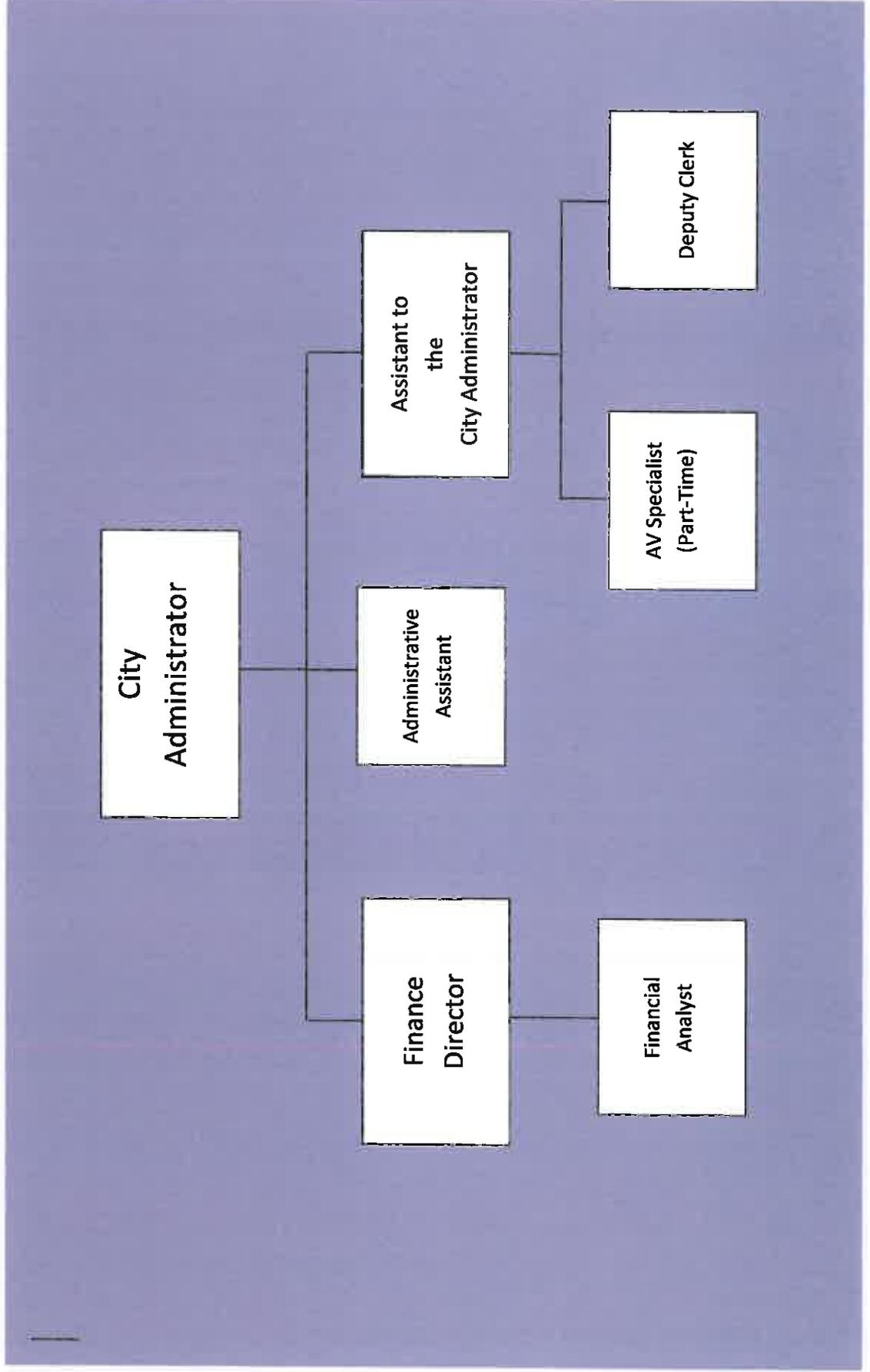
Legislative

The objective of the City Council is to assure the community efficient and economical government service, and to establish policy and enact ordinances that protect the health, safety and welfare of the City residents. The Mayor is elected at large and the City Council members are elected by ward and each serves a four year term of office. The Council establishes the vision and direction for the City, and coordinates through the City Administrator who is responsible for carrying out the policy and overseeing the day-to-day operations of the City.

The City has eight elected officials, ten paid individuals that service on Boards and Commissions. There are five Aldermen that represent the five wards within the City. The City commissions, committees and boards are composed of residents appointed by the City Mayor and with the consent of the City Aldermen. Expenditure budgeted for FY2015-2016 in the amount of \$139,845. The expenditures are detailed below:

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|--|
| 01-310-4000 | WAGES | \$11,040 | \$16,260 | \$57,320 | Council - \$27,000 Police & Fire - 20 meeting @\$100 PZBA 14 meetings @\$380, AV specialist |
| 01-310-4200 | SOCIAL SECURITY | 684 | 711 | 3,100 | Salary Increases |
| 01-310-4210 | MEDICARE | 160 | 166 | 725 | Salary Increases |
| 01-310-5100 | PROFESSIONAL SERVICES | 4,009 | 3,500 | 500 | AV consultant moved of Salaries |
| 01-310-5300 | ALDERMANIC EXPENSES | 4,696 | 4,300 | 4,300 | Conferences and Travel |
| 01-310-5310 | MEMBERSHIPS | 10,475 | 11,000 | 12,000 | Illinois NATOA - AV society, IL Municipal League, NW Municipal Conference |
| 01-310-5330 | TRAINING | 135 | 400 | 400 | AV training |
| 01-310-5950 | SPECIAL EVENTS | 16,226 | 15,000 | 45,000 | Community Breakfast \$2,000, Farmers Market \$2,000, \$1,500 Community Days, \$10,000 Block party amount - 50% of expenses with Park District - \$2,000 Classic Car show and \$27,500 for July 3rd Fireworks event co-sponsor w/Wheeling & Airport |
| 01-310-5955 | CONTRIBUTION TO ORGANIZATIONS | - | - | 1,000 | Contribution to organization helping Prospect Heights residents |
| 01-310-7020 | EQUIPMENT | 2,662 | 15,250 | 15,000 | AV Equipment - Digital Signage Software & Player/Hardware \$4,000, Video on Demand Multi-format server, \$10,000 and supplies \$1,000 |
| 01-310-7025 | SOFTWARE | - | 500 | 500 | Agenda software |
| | TOTAL CITY COUNCIL & BOARDS | \$50,087 | \$67,087 | \$139,845 | |

CITY OF PROSPECT HEIGHTS, ILLINOIS
Organizational Chart – Administration
April 30, 2015



Administration

The Administration Department includes the City Administrator, Finance Director, Assistant to the City Administrator, Deputy Clerk, Financial Analyst, AV Specialist and an Administrative Assistant.

City Administrator

The City Administrator provides general management, staff leadership, and administrative review and oversight to all City departments. The City Administrator's work includes:

- Supervision, coordination and evaluation of all departmental activities and responsibilities;
- Analysis and policy recommendations concerning land use and development proposals, zoning and development regulations and transportation issues;
- Participation in activities of community organization, other governmental agencies and the private sector to represent the City and provide information and assistance;
- Research and development of new or improved management systems;
- Staff support to designated standing and adhoc commissions and committees;
- Coordination of communications with the community, including residents, businesses and other organizations, concerning City programs and policies.
- Human resource function which is structured to provide support to all City departments, including but not limited to recruitment, selection, training, promotion and retention of quality employees; compensation and benefit program administration; employee labor relations; collective bargaining negotiation and management of current labor agreements; policy administration and interpretation, and employee recognition program.

Finance

The Finance Department is established to provide the City with a wide range of financial, analytical, and administrative tasks.

- Control of City's financial operations including accounting, banking, billing and collections, and treasury management;
- Development of an annual budget, working with the city administrator and other city department heads and with the approval of the City Council;
- Preparation of the Comprehensive Annual Financial Report (CAFR);
- Assurance that the City's financial systems meet GASB, GAAP and other appropriate standards.
- Assistant in the development, maintenance and audit of the accounting systems.
- Oversee investment portfolios of the City.

Assistant to the City Administrator

The Assistant to the City Administrator is responsible for payroll, general services, newsletter, license administration, and general accounts receivable.

The Deputy Clerk

The Deputy Clerk is responsible for statutory administrative services.

Accounting Analyst

The Accounting Analyst is responsible for the general bookkeeping, water billing and accounting of the City.

Audio Visual Specialist (AV Specialist)

The AV Specialist is responsible for taping all City Board meetings and events.

Administrative Assistant

The Administrative Assistant is responsible for cash receipting responsibilities.

City of Prospect Heights

Legal

The City Attorney provides legal service and advice to the City's staff, Council, Commissions, Committees, and Boards on a variety of legal matters pertaining to City operations. The City Attorney attends City Council meetings and is available for staff conferences as needed. Additional funds are budgeted for legal costs incurred by specific research, ordinance preparation, contracts and litigation. The City also receives legal service from the City Prosecutor to represent the City's interest in court and a Labor Attorney to represent the City in union negotiations and other labor issues.

Budget Analysis

The Administration Department FY2015-2016 budget is \$192,966 less than the prior year budget. One-time expenses of hiring a new City Administrator, severance packages, and the expenses related to paying an outside consultant to serve as an interim City Administrator are reflected in the FY2014-15 budget.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|--|
| 01-320-4000 | WAGES | \$374,432 | \$342,167 | \$421,014 | Salary Increases - All employees considered full-time & includes salary for City Administrator for 12 months |
| 01-320-4003 | WAGES - PART-TIME | 22,190 | 35,430 | - | Deputy clerk moved to full-time |
| 01-320-4010 | OVERTIME | 800 | 1,000 | 1,000 | Emergency for Vehicle Sticker sales |
| 01-320-4100 | HEALTH INSURANCE | 49,662 | 41,276 | 56,554 | 10% increase over last year |
| 01-320-4110 | LIFE INSURANCE | 288 | 325 | 393 | Life insurance based upon salaries |
| 01-320-4200 | SOCIAL SECURITY | 23,780 | 23,411 | 24,770 | Salary Increases |
| 01-320-4210 | MEDICARE | 5,645 | 5,475 | 6,105 | Salary Increases |
| 01-320-4220 | IMRF | 48,198 | 48,972 | 54,648 | IMRF 12.47% CY 2015 and 14.00% in CY2016 plus additional salaries |
| 01-320-5100 | PROFESSIONAL SERVICES | 18,434 | 235,000 | 50,000 | Codification maintenance of City Code, SEC Disclosure Requirements, EOC Building Improvements. Amount lower than last year due to interim City Administrator exp and economic dev person included in Building & Dev Dept |
| 01-320-5101 | AUDIT | 14,610 | 17,790 | 13,649 | City Audit & GASB 45 audit expense |
| 01-320-5120 | CITY ATTORNEY | 88,168 | 109,400 | 110,000 | Prior year amount |
| 01-320-5121 | HOUSING ATTORNEY | 8,700 | 9,600 | 9,600 | \$800 per month *12 month Contract |
| 01-320-5122 | CITY PROSECUTOR | 17,420 | 24,000 | 24,000 | Additional court cost due to incr RedSpeed and Ordinance Violations \$2,000 for attorney and Court reporter |
| 01-320-5123 | LABOR ATTORNEY | 97,116 | 80,000 | 20,000 | Contract Negotiations should be complete - expenses are for unforeseen labor issues |
| 01-320-5125 | BILLABLE ATTORNEY | 263 | 5,000 | 5,000 | Estimated base upon last year |

Administration Budget (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|--------------------|--------------------------|--------------------|--|
| 01-320-5130 | COMPUTER CONSULTANT | 106,433 | 67,600 | 72,000 | Protecting and Improving current system \$6000/month |
| 01-320-5200 | POSTAGE | 16,722 | 14,000 | 14,000 | Newsletter mailing and collection letters |
| 01-320-5220 | PHOTOCOPY | 12,530 | 16,600 | 16,600 | Color Copier \$900/mo plus extra copies \$4,000 |
| 01-320-5221 | PRINTING | 11,859 | 16,500 | 20,000 | Newsletter mailing extra pages, vehicle stickers |
| 01-320-5222 | LEGAL NOTICES | 1,053 | 3,500 | 3,500 | Annual Treasurer's Report \$950, Prevailing Wage Ord \$450, Annual Budget \$600, Truth in Taxation Notice \$500, Public hearings, RFP's and special meetings |
| 01-320-5230 | WEBSITE | 4,219 | 5,500 | 5,665 | Maintenance Fee - Civic Plus |
| 01-320-5310 | MEMBERSHIPS | 1,489 | 4,100 | 4,100 | ILCMA \$1000, Municipal Clerks \$100, Notary \$200, GFOA \$500, IL Municipal League \$1,300, Other \$1,000 |
| 01-320-5330 | TRAINING | 1,096 | 1,500 | 1,500 | ILCMA Conference, GFOA Conference |
| 01-320-5340 | TUITION REIMBURSEMENT | - | - | 3,000 | One employee 2 classes |
| 01-320-5410 | UTILITIES | 56,492 | 54,000 | 54,000 | Cable, Nicor, Verizon, Water, Electric @4,500/mo - lower electric and gas bills due to agreements & LED lighting |
| 01-320-5430 | CREDIT CARD & BANK CHARGES | 10,495 | 10,000 | 10,000 | Credit Card Service Charges - no change |
| 01-320-5500 | LIABILITY INSURANCE | 32,914 | 32,300 | 36,660 | Based upon building & equipment allocations |
| 01-320-5501 | INSURANCE DEDUCTIBLES | 10,000 | 20,000 | 20,000 | 8 deductibles @\$2,500 each |
| 01-320-5510 | RENTAL EQUIPMENT | 473 | - | - | None Anticipated |
| 01-320-5530 | WORKERS COMP INSURANCE | 2,210 | 2,750 | 2,172 | Allocation to Department based upon classification codes |
| 01-320-5540 | PAYROLL SERVICE FEES | 5,433 | 6,200 | 6,200 | \$200 per payroll for pro-data plus reporting \$1,000 |
| 01-320-5541 | ACTING SERVICE FEES | 3,843 | 4,200 | 4,500 | Amount for Accounting software support |
| 01-320-5700 | OFFICE SUPPLIES | 15,183 | 14,770 | 14,770 | Current Year estimate |
| 01-320-5721 | SIGNS | - | 15,000 | - | None anticipated |
| 01-320-5751 | GASOLINE | 45 | - | - | None anticipated |
| 01-320-5820 | PUBLICATIONS | 46 | 500 | 500 | Paddock Publications |
| 01-320-5951 | EMPLOYEE RECOGNITION | 600 | 2,500 | 2,500 | Flat |
| 01-320-7011 | IMPROVEMENTS | - | 10,000 | - | Fence north side - Open and Low Maintenance |
| 01-320-7020 | EQUIPMENT | 33 | 2,000 | 2,000 | Computer Replacement |
| 01-320-7025 | SOFTWARE | 2,750 | 1,000 | - | Adobe writer |
| | TOTAL ADMINISTRATION | \$1,065,625 | \$1,283,366 | \$1,090,400 | |

Engineering

Engineering consists of subdivision and development control, capital improvement engineering, levy, water and general engineering services. It includes engineering review of new capital improvement construction and reconstruction projects and major contractual maintenance projects such as the road program, sidewalk program, municipal facilities improvements, and coordination of consulting and construction on certain major capital improvements projects. The City engineers is hired and paid as a consultant at a fixed monthly fee. The City engineering fees are allocated to the engineering department, building and zoning, various SSA's, Road Construction, and Water Fund.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|--------------------|--------------------------------------|-------------------|--------------------------|------------------|---|
| 01-330-4000 | WAGES | \$24,724 | \$19,962 | \$22,201 | Administrative Asst moved to 2080 hours per year and salary increase |
| 01-330-4100 | HEALTH INSURANCE | 7,254 | 6,882 | 7,738 | 10% increase over last year plus dental |
| 01-330-4110 | LIFE INSURANCE | 41 | 40 | 40 | Flat |
| 01-330-4200 | SOCIAL SECURITY | 1,498 | 1,238 | 1,376 | Salary Increases |
| 01-330-4210 | MEDICARE | 350 | 289 | 322 | Salary Increases |
| 01-330-4220 | IMRF | 3,368 | 2,624 | 2,882 | IMRF 12.47% CY 2015 and 14.00% in CY2016 |
| 01-330-5100 | PROFESSIONAL SERVICES | 24,715 | 75,000 | 95,000 | Contracted Engineering Expense - Reimbursable including County Engineering Permit Fees, televising sanitary sewer \$45,000 reimbursed, \$20,000 bridge repair engineering |
| 01-330-5110 | BILLABLE ENGINEERING SERVICES | 11,436 | 28,000 | 28,000 | Developer reimbursable engineering expenses |
| 01-330-5530 | WORKERS COMP INSURANCE | 221 | 330 | 181 | Allocation to Department based upon classification codes |
| | TOTAL ENGINEERING | \$73,607 | \$134,365 | \$157,739 | |

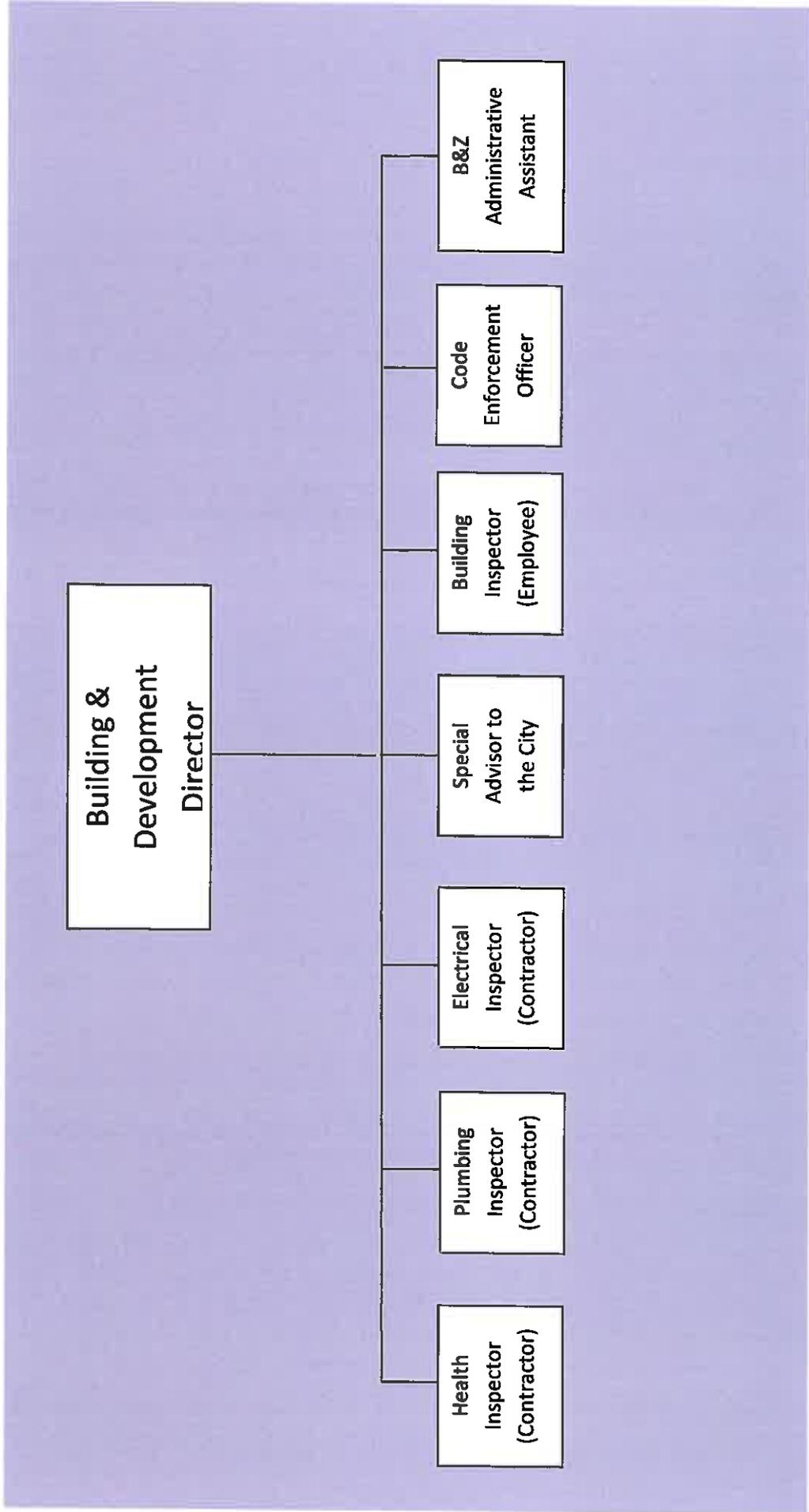
Building and Development Department

The Building and Development Department provides for the administration and inspection of all new residential, commercial, and industrial construction, existing structures, and all businesses pursuant to City ordinances, codes and applicable State Statutes. Appropriate regulations and inspections of new and existing buildings are necessary in order to protect the public health, safety and general welfare as regulated by code and statute.

The Building and Development Department is also responsible for insuring that the City is in compliance with the National Pollution Detection and Elimination System (NPDES) and Community Rating System (CRS) program requirements. Collective, these two programs address storm water management and its flow in order to reduce flooding and the risk to people and property. Program requirements include a combination of monitoring, maintenance, enforcement and public education.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|-----------------------------------|-------------------|--------------------------|------------------|---|
| 01-340-4000 | WAGES | \$273,380 | \$242,897 | \$272,122 | New Special Advisor to the City |
| 01-340-4010 | OVERTIME | 8,072 | 5,000 | 5,000 | Snow Plowing |
| 01-340-4100 | HEALTH INSURANCE | 69,524 | 60,175 | 53,939 | 10% incr in Health Insurance less Asst Director benefits |
| 01-340-4110 | LIFE INSURANCE | 380 | 305 | 269 | New Director less partial year for assistant |
| 01-340-4200 | SOCIAL SECURITY | 17,157 | 15,370 | 17,233 | New Director less partial year for assistant |
| 01-340-4210 | MEDICARE | 4,012 | 3,595 | 4,030 | New Director less partial year for assistant |
| 01-340-4220 | IMRF | 36,907 | 32,582 | 28,290 | IMRF 12.47% CY 2015 and 14.00% in CY2016 |
| 01-340-5100 | PROFESSIONAL SERVICES | 32,290 | 40,000 | 32,000 | Health @ \$39x20/month Plumbing @ \$39x20/month Electrical @ \$43x20/month Elevator @ \$43 x 42/year. |
| 01-340-5221 | PRINTING | 572 | 2,000 | 2,000 | Health Inspection forms, zoning map, business cards, etc. & scanning of documents for archive and new zoning maps |
| 01-340-5310 | MEMBERSHIPS | 882 | 2,500 | 2,500 | Legal Notice due to building & zoning requirements |
| 01-340-5321 | AUTO EXPENSE | 205 | 250 | 250 | Int'l Code Council (ICC) \$150 ICC & NWBOCA 2@\$50 |
| 01-340-5222 | LEGAL NOTICES | 6 | 1,550 | 1,000 | Fuel & Repairs |
| 01-340-5330 | TRAINING | 1,124 | 1,750 | 660 | NWBOCA \$45/month for 6 meetings, MWBOCA Cont Ed \$80 per session for 9, SBOC \$125 for 6 sessions |
| 01-340-5500 | LIABILITY INSURANCE | 349 | 900 | 900 | Based upon building & equipment allocations |
| 01-340-5530 | WORKERS COMPENS INSURANCE | 2,562 | 5,500 | 5,500 | Allocation to Department based upon classification codes |
| 01-340-5700 | OFFICE SUPPLIES | 35 | 1,000 | 2,000 | Misc Supplies |
| 01-340-5751 | GASOLINE | 3,392 | 4,000 | 3,000 | Gasoline for building Department Vehicle #101 and #502 |
| 01-340-5820 | PUBLICATIONS | - | 500 | 2,100 | (\$549x3 sets of ICC Code Books & \$80x3 NFPA \$70 NEC) |
| | TOTAL BUILDING & DEVELOPMENT DEPT | \$450,849 | \$419,874 | \$432,794 | |

CITY OF PROSPECT HEIGHTS, ILLINOIS
Organizational Chart – Building & Development
April 30, 2015



Public Works

The Public Works department is responsible for the City's building maintenance, streets, drainage and sanitary sewer, snow and salt operations, forestry and grounds, vehicle maintenance, and administration

Building Maintenance

The Public Works department provides a clean, healthy, safe and efficient working environment in each facility for City employees and in public areas and meeting places utilized by the public and the various committees and commission of the City's government structure. The department provides predictive, preventative and emergency maintenance on all building systems including the City Hall, Public Works Building, Police Department, Water Facility, and Parking Structure – Metra Station. The department also oversees maintenance and operation of the street lighting system in order to aid pedestrian and vehicular traffic along major streets and throughout the community at intersections and crosswalks after dark.

Streets, Drainage, and Sanitary Sewer

The Public Works department oversees the maintenance of streets, curb, gutters, and storm sewers so as to insure that they are smooth, clean, safe, and structurally sound for vehicular travel in a variety of weather conditions. Whenever street conditions are unsafe, it is necessary to take measures that will ensure continuous safe vehicle travel through the community. The department also provides for safe and efficient vehicular traffic movement through the use of traffic control devices, movement markings, and signage to inform operator of motor vehicles and pedestrians of conditions and regulation so as to minimize traffic accidents while accommodating smooth and reasonably rapid traffic movements.

The Public Works department provides for the preventative maintenance annual cleaning and inspection of the City storm sewer and drainage system in compliance with the NPDES and CRS programs. The City also provides inspection, cleaning and maintenance of the City's sanitary sewer system to provide a safe and efficient system, which has the potential to operate at 100% of the designed flow capacity and reduce the possibility of sewage back up in residences.

Forestry and Grounds

The Public Works department provides for maintenance and care of parkway trees and city cul-de-sacs. Several tasks are performed to insure the vitality of parkway trees and nursery stock including spraying to arrest or prevent disease; trimming to shape and improve aesthetics; tree removal in the event of storm damage, disease, or insect infestation (the conformation of the Emerald Ash Borer in Prospect Heights); and tree replacement of those trees that will have to be removed. Recommendations concerning general climatic and environmental suitability of all private and public plantings are submitted to and approved to the City forester who manages the program.

Vehicle Maintenance

The Public Work department provides for maintenance of all police and public works vehicles.

Water System Maintenance

The Public Works department provides a safe, high quality, uninterrupted potable water supply for a portion of the City's residents.

City of Prospect Heights

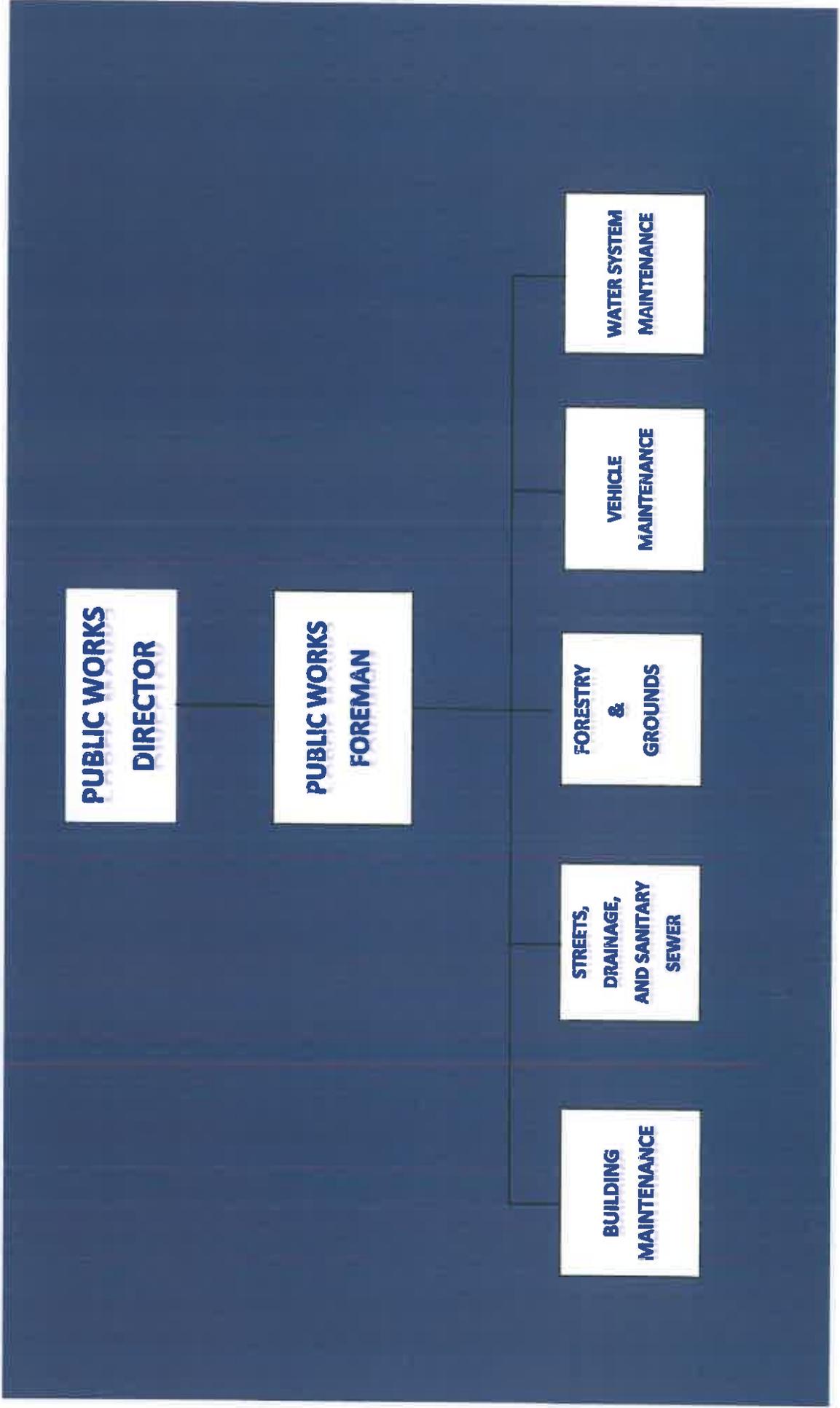
Public Works Budget

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|---|
| 01-350-4000 | WAGES | \$342,401 | \$415,664 | \$447,693 | Full year of Public Works Directors salary |
| 01-350-4003 | WAGES - PART-TIME | 2,410 | 8,400 | 21,120 | Summer help-4P-T empl @ \$11/hr - 40 hrs/wk for 12 wks |
| 01-350-4010 | OVERTIME | 63,163 | 60,000 | 55,055 | 34 to 40 events @\$1,500 |
| 01-350-4100 | HEALTH INSURANCE | 91,400 | 116,117 | 129,764 | 1 Additional employee |
| 01-350-4110 | LIFE INSURANCE | 659 | 568 | 594 | 1 Additional employee |
| 01-350-4200 | SOCIAL SECURITY | 25,294 | 29,445 | 32,433 | Related to increased wages |
| 01-350-4210 | MEDICARE | 5,916 | 6,886 | 7,585 | Related to increased wages |
| 01-350-4220 | IMRF | 53,858 | 62,420 | 65,159 | IMRF 12.47% CY 2015 and 14.00% in CY2016 |
| 01-350-5020 | VEHICLE MAINTENANCE | 28,379 | 45,000 | 50,000 | New maintenance program, add'l fleet - flat to last year |
| 01-350-5031 | SIGNAL MAINTENANCE | 15,441 | 20,000 | 20,000 | Opticon's are obsolete; costs for replace \$500*12 |
| 01-350-5100 | PROFESSIONAL SERVICES | 1,788 | 15,000 | 15,000 | Engineering \$5,000 and GIS mapping streets, sewer, storm water - continue project and Bike route study per comprehensive plan - \$5,000 |
| 01-350-5103 | PROF SERVICES - FORESTRY | - | 52,000 | 48,000 | Establish pruning program, remove dead trees, (clean-up Tully undeveloped street new creek done in -house) |
| 01-350-5104 | PROF SERVICES - BUILDING MAIN | 33,654 | 35,000 | 36,200 | Cleaning service - Police Facility, City Hall, PW \$1,150 per month x 12 Months = \$13,800, City Hall carpet cleaning \$1,400, Window Washing \$700, Elevator Maint \$3,800, Plumbing service \$500, Fire services \$3,000, Security alarm maint, \$2,000, Sprinkler main \$2,000, Sprinkler inspect \$960, HVAC Maint \$2,100, Backflow insp \$1,600, Pest Control \$300, Garage Door Service \$700, Uniform service \$300/month@12 Months=\$3,600,\$1,200 for Elevator insp |
| 01-350-5105 | PROF SERVICES - VEHICLE MAINT | 354 | 5,000 | - | Moved to Vehicle Maintenance |
| 01-350-5106 | PROF SERVICES - STREETS/DRAIN | 1,000 | 5,000 | 50,000 | Street Maintenance (patching/crack sealing) - Road Fund depleted - \$50,000 |
| 01-350-5310 | MEMBERSHIPS | 1,871 | 1,500 | 2,000 | Illinois Arborist, Tree City USA, Morton Arboretum, APWA |
| 01-350-5330 | TRAINING | 517 | 2,000 | 2,000 | Forester, ASE training and APWA Training |
| 01-350-5411 | WATER AND ELECTRIC PURCHASES | 8,887 | 9,000 | 9,000 | Group 1 street lights \$2,000, Group II \$2,600 |
| 01-350-5421 | DUMP CHARGES | - | 500 | 500 | Storm debris, trees, mulch, concrete, & miscellaneous |

Public Works Budget (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|--------------------|--|
| 01-350-5441 | LICENSES | 359 | 1,500 | 1,500 | New truck registration |
| 01-350-5500 | LIABILITY INSURANCE PREMIUM | 23,795 | 37,500 | 49,034 | Based upon building & equipment allocations - included new addition |
| 01-350-5510 | RENTAL EQUIPMENT | 349 | 2,000 | 2,000 | Extra chipper, emergency equipment, sidewalk grinder, trencher |
| 01-350-5530 | WORKERS COMP INSURANCE | 17,563 | 10,100 | 14,208 | Allocation to Department based upon classification codes |
| 01-350-5610 | EQUIPMENT MAINTENANCE | 712 | 2,500 | 2,500 | Tools and Lawn mower maintenance |
| 01-350-5620 | VEHICLE PARTS | 414 | - | - | Moved to Vehicle Maintenance |
| 01-350-5632 | ICE CONTROL MAINTENANCE | 121 | - | - | Moved to Operating Supplies |
| 01-350-5634 | STONE & CONCRETE | - | 20,000 | 8,000 | Sidewalk program |
| 01-350-5635 | STORM SEWER & PIPE | 21 | 2,500 | 2,500 | Storm sewer ditch line maintenance |
| 01-350-5650 | LANDSCAPE SUPPLIES | 9,102 | 14,000 | 14,000 | Continue Tree Program (Tree City USA) |
| 01-350-5700 | OFFICE SUPPLIES | 316 | 3,000 | 3,000 | General paper, files, coffee - based upon current trends |
| 01-350-5710 | OPERATING SUPPLIES | 24,823 | 28,000 | 30,000 | All various Misc supplies/tools for day-to-day operations including but not limited to, hardware, plumbing, electrical, sheet metal, HVAC / parts / repair parts etc., landscaping, building materials, and cleaning supplies. \$20,000 Hillcrest lake |
| 01-350-5721 | SIGNS | 3,595 | 12,500 | 20,000 | New barricades & cones, remove/replace damaged/faded existing street signage, acquire new signage, for municipal district |
| 01-350-5730 | TOOLS | 1,749 | 3,000 | 3,000 | Rakes, shovels, power tools and accessories |
| 01-350-5751 | GASOLINE | 29,290 | 25,000 | 25,000 | Based upon prior year less adjustment for lower prices |
| 01-350-7011 | IMPROVEMENTS - PW | - | 10,000 | 10,000 | Fence east side moved from last year |
| 01-350-7020 | EQUIPMENT | - | 5,000 | 5,000 | New trailer for increased mobility and efficiency |
| 01-350-7021 | RADIO EQUIPMENT | - | 7,500 | 3,500 | Radio equipment for new trucks |
| 01-350-7023 | SAFETY EQUIPMENT | 3,161 | 5,000 | 5,000 | Winter clothing per CBA and replacement work shoes, vests, t-shirts, polo shirts, sweatshirts, hats, gloves, glasses |
| 01-350-7025 | SOFTWARE | - | 10,000 | - | None anticipated |
| | TOTAL PUBLIC WORKS | \$792,364 | \$1,088,600 | \$1,190,345 | |

CITY OF PROSPECT HEIGHTS, ILLINOIS
Organizational Chart – Public Works
April 30, 2015



Public Safety

The Police Department delivers a variety of local law enforcement services to the community. Police services include matters concerning crime, traffic, order maintenance, ordinance enforcement and emergency assistance.

Mission Statement

The mission of the Prospect Heights Police Department is to work in partnership with the citizens of Prospect Heights to enhance the quality of life in our City by:

- Raising the level of Public Safety through Law Enforcement
- Reducing the fear and incidence of crime.
- In striving to accomplish these goals, service will be our commitment; honor and integrity our mandate.

Values

The Prospect Heights Police Department, which exists to protect and serve the community, must always be guided by the principle that every individual has dignity and worth. In all we do, we must show respect for the citizens we serve and for the men and women of the Prospect Heights Police Department recognizing and encouraging their individual needs, aspirations, and capabilities.

The mission and goals of the Prospect Heights Police Department shall be carried out in alignment with the following values:

- **Service Orientation:** Provide supportive, professional service to the community by promoting human rights, mutual respect, and courtesy.
- **Partnership:** Work in partnership with the community, City Council and other Departments, Service Agencies, and Criminal Justice systems.
- **Empowerment:** Encourage decision making at the most effective level and promote citizen responsibility and involvement.
- **Problem Solving:** Use problem-solving methods to reduce the incidence and fear of crime and to improve management and operational approaches.
- **Accountability:** Promote responsibility among Police management, employees, the community, the City Council and other agencies, for public safety resources, strategies and outcomes.

History

The Prospect Heights Police Department became operational October 1, 1990. Prior to that date, police services were provided through a contract with the Cook County Sheriff's Police Department. Today the Department employs a staff of 32, with a total operating budget of a little over \$4 million. In 1996, the Department moved into a new modern facility at 14 E. Camp McDonald Road. The Prospect Heights Police Department is committed to raising the quality of life in the community and works very closely with the public in providing a wide range of programs and information. The Department's Officers provide a full range of law enforcement services.

Public Safety (continued)

The Department is divided into three basic divisions:

- Operations includes the uniformed patrol and traffic branch
- Support Services includes Records, Social Services, Youth Services, Evidence & Property Control and Crime Prevention
- Investigations includes Detectives

Budget Analysis

The Public Safety Department's FY2015-2016 budget is forecasted to increase from the projected FY2014-2015 budget by \$276,358. The Police department increased costs are due to salary increases and related benefits and insurance, adding a new records clerk, the City implementing a new tuition reimbursement program, and funding to the Police Pension program.



Public Safety Budget

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|--------------------|-------------------------------------|-------------------|--------------------------|------------------|--|
| 01-360-4000 | WAGES | \$439,808 | \$420,426 | \$483,831 | (1) Chief (1) Deputy Chief (1) Records Sup (2) Records Clerk (1) Administrative Assistant (1) Desk Officer (3) Part-time Desk officer Longevity Pay \$3,575 plus Crossing Guards 70 hours per pay period @ \$22-27/hour x 19 pay periods reimbursed by school district and fringe benefits |
| 01-360-4001 | WAGES - SWORN OFFICERS | 1,676,184 | 1,656,731 | 1,725,006 | (5) Sergeants, (6) Corporals/Detectives, (1) DEA, (9) Patrol Officers |
| 01-360-4002 | WAGES - EXTRA STRAIGHT PAY | 50,255 | 71,050 | 70,000 | Holiday Comp sell back per contract \$35,000, Holiday Compensation when on duty \$10,000, Weekend Pager on Call \$15,000 |
| 01-360-4004 | WAGES - PT SWORN OFFCRS | 80,409 | 96,450 | 90,000 | (4) @ 36 hrs per pay period scheduled. Add'l hours as needed. |
| 01-360-4010 | OVERTIME | 818 | 2,000 | 2,000 | Expanded hours needed for desk to cover vacations/prisoners |
| 01-360-4011 | OVERTIME - SWORN OFFICERS | 144,352 | 133,980 | 132,000 | Court \$35,000, Manpower Hire back \$35,000, Investigations \$10,000, Training \$25,000 and Contingency \$5,000, reimbursable extra details and grants \$25,000. |
| 01-360-4100 | HEALTH INSURANCE | 418,863 | 436,906 | 413,258 | Change in plan levels plus 10% increase starting January 1016 |
| 01-360-4110 | LIFE INSURANCE | 2,301 | 2,550 | 2,540 | flat |
| 01-360-4200 | SOCIAL SECURITY | 24,243 | 29,214 | 33,386 | Increase in salaries |
| 01-360-4210 | MEDICARE | 33,736 | 36,204 | 37,523 | Increase in salaries |
| 01-360-4220 | IMRF | 18,664 | 40,027 | 50,572 | IMRF 12.47% CY 2015 and 14.00% in CY2016 plus increase in salaries |
| 01-360-4230 | PENSION CONTRIB - R/E TAX | 273,961 | 276,000 | 280,224 | Adjusted for the CPI as of December 2013 is .8% |
| 01-360-4231 | PENSION CONTRIBUTION-CITY GF | 347,021 | 387,243 | 425,544 | Based upon actuarial valuations plus 3% |
| 01-360-5100 | PROFESSIONAL SERVICES | 26,117 | 27,750 | 20,100 | Emergency Siren Maint \$750. Duty related physicals, entry level physicals, psychological, polygraph and fitness for duty \$9,000, deceased body removal to ME office \$3,750, Recruit testing and Promotional testing F and P Commission \$2,000, Lexis Nexis \$2,100, \$2,500 contingency, |
| 01-360-5140 | PRISONERS CARE | 17,147 | 1,000 | 2,500 | Prisoner care to be provided by Prospect Height - food and hygiene (professional clean up) |
| 01-360-5141 | KENNEL FEES | 1,410 | 2,000 | 2,000 | Save-a-pet, Orphans of the Storm |
| 01-360-5200 | POSTAGE | 2,447 | 3,000 | 3,000 | Collection letters and prior year experience/FED EX for Attorney Communication DAG's |
| 01-360-5221 | PRINTING | 4,609 | 2,900 | 3,500 | Bus. Cards, Tickets , Field Directory, forms and case jackets. |

Public Safety Budget (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|--|
| 01-360-5240 | NORTHWEST CENTRAL DISPATCH | 191,877 | 221,872 | 223,177 | Per agreement. 3% of NWCDS 2015 operating budget assessments |
| 01-360-5310 | MEMBERSHIPS | 10,078 | 36,715 | 35,100 | FBINA \$200, NIPAS EST \$3,300, NIPAS \$400, MCAF \$3,000, MCAF STAR \$1,000, Illinois Arson Investigators Assoc \$40, Fire and Police Comm Assoc \$375, IL ACP \$400, Critical Reach \$285, International IACP \$440, North Suburban Chiefs \$150, Cook Co Captains \$150, LERMI \$40, Lexipol \$2,850, NIPAS MFF \$905, Rotary \$340, ILEAS \$120, Northern Ill Police Academy \$50, Northeastern Illinois Regional Crime Laboratory \$1.34 per resident 16,318) + \$3,000 totaling \$24,870 |
| 01-360-5321 | AUTO EXPENSE | 2,036 | 2,500 | 2,500 | Car wash, detailing, professional cleaning bio hazard. |
| 01-360-5330 | TRAINING | 18,563 | 20,049 | 20,050 | Mileage Reimbursement \$1,000, ET and other specialty training \$4,600, NERT membership \$2,790, NEMRT Training \$1600, reimburse meals \$400, Mgmt and Supervisor courses \$1,250, NWPA \$1000, Captains \$480, North Sub Chiefs \$480, Lexipol Daily Training Bulletins \$2000, \$2,849 State Police Academy X 1 new recruit, refreshments in service training \$240, Rotary Meetings \$960, NWCDS training/liaison Meetings \$400 |
| 01-360-5340 | TUITION REIMBURSEMENT | - | - | 12,000 | 4 employees - 3 classes |
| 01-360-5500 | LIABILITY INSURANCE PREMIUM | 34,150 | 37,400 | 42,642 | Based upon building & equipment allocations |
| 01-360-5510 | RENTAL EQUIPMENT | 437 | 800 | 520 | Postage Meter and Scale |
| 01-360-5520 | ID NETWORKS | 8,752 | 13,247 | 13,247 | Annual RMS fee \$8,752 and \$4,495 for Livescan Maint. |
| 01-360-5530 | WORKERS COMP INSURANCE | 94,105 | 93,052 | 114,950 | Allocation to Department based upon classification codes |
| 01-360-5610 | EQUIPMENT MAINTENANCE | 9,247 | 14,025 | 14,025 | Verizon Wireless MDT Aircards \$6775, Radar repair and recent \$1000, Evidence Room BEAST software \$850, Pentegra Maintenance contract \$2,600, Wheeling Range Maint \$1,000, Routine Misc (Ken) \$1,800 |
| 01-360-5611 | RADIO MAINTENANCE | 868 | 1,000 | 1,000 | In car radio T and M \$1,000 |
| 01-360-5700 | OFFICE SUPPLIES | 6,735 | 10,000 | 7,500 | General office supplies and copier paper |
| 01-360-5710 | OPERATING SUPPLIES | 8,702 | 10,000 | 10,000 | Same as budget - prior year experience |
| 01-360-5740 | RANGE SUPPLIES | 6,736 | 8,200 | 7,650 | Ammunition: Duty and Training, \$6000, Targets and training supplies \$900, AR-15 parts \$750 |
| 01-360-5741 | CLOTHING | 18,231 | 20,700 | 21,100 | 27 officers at \$600, \$2,000 misc (replacement and patches), \$2,400 for a new officer, \$500 volunteer shirts/vest |
| 01-360-5751 | GASOLINE | 59,190 | 75,000 | 70,000 | Estimated based upon current trends assessments |

Public Safety Budget (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|--------------------|--------------------------|--------------------|--|
| 01-360-5820 | PUBLICATIONS | 346 | 350 | 1,060 | Arrest Law Update 275, Daily Herald 430, Journal-topics 100, Public Employment Law 255 |
| 01-360-5970 | REFUNDS | 239 | - | - | None anticipated |
| 01-360-7022 | POLICE EQUIPMENT | 51,490 | 23,250 | 16,000 | Road flares: \$900, OC spray replacement \$250, ET supplies \$4,750, Fingerprint station supplies \$200, Misc. vehicle replacement parts \$3000, (8) ballistic vests \$550 each total \$4,400 (half of cost reimbursed through grant), Police Center Equipment replace upgrade \$2,500 |
| | Total Public Safety | \$4,084,130 | \$4,336,514 | \$4,612,872 | |

Public Safety Special Revenue

DUI, Narcotics and Seized Assets are revenues received related to special police department enforcement programs and are regulated by State Statutes.

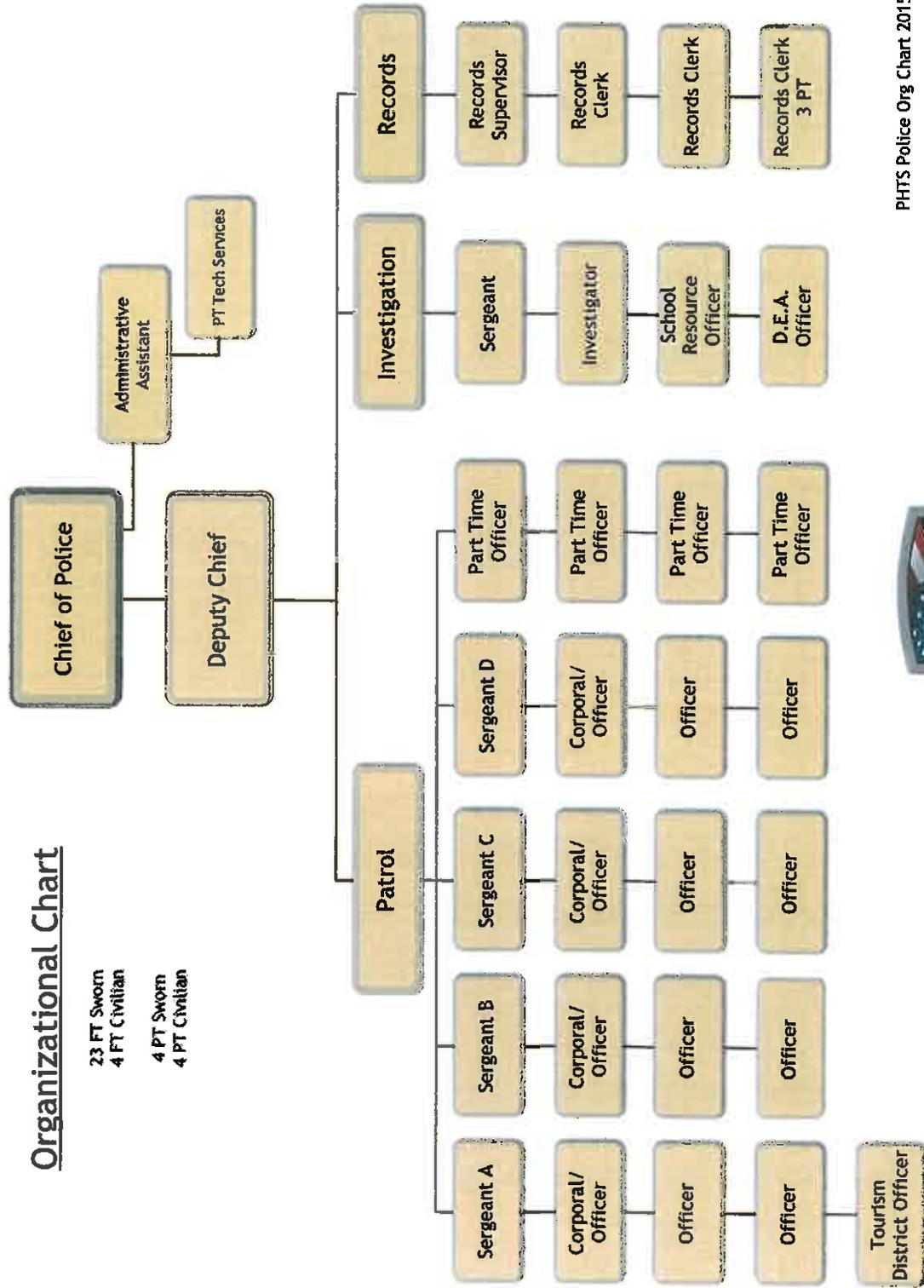
| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|--------------------------|
| 01-365-5981 | DUI EXPENSE | \$ - | \$5,000 | \$7,000 | Impaired Driver Training |
| 01-365-5982 | NARCOTICS EXPENSE | (179) | - | - | None Anticipated |
| 01-365-5983 | SEIZED ASSET - EXPENSE | 3,249 | - | - | None Anticipated |
| | Total Reimbursable Expenses | \$ 3,070 | \$5,000 | \$7,000 | |

CITY OF PROSPECT HEIGHTS, ILLINOIS

Public Safety

April 30, 2015

Organizational Chart



23 FT Sworn
4 FT Civilian

4 PT Sworn
4 PT Civilian

PHTS Police Org Chart 2015



Reimbursable Expenses

Reimbursable expenses are those which are reimbursed by employees and government agencies or entities to the City for services, commodities, or insurance.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|--|
| 01-370-4101 | RETIREE HEALTH INSURANCE | \$ 11,072 | \$ 3,120 | \$ - | 4 dental |
| 01-370-5102 | GRANT WRITER | 20,000 | 20,000 | 20,000 | New Contract 9/1/12 - \$20,000 |
| 01-370-5751 | GASOLINE | 11,365 | 12,000 | 10,000 | Fire Department Gas Purchases - Lowered by \$2,000 |
| 01-370-5990 | SSA #9 - EXPENSES | 34,672 | 110,000 | - | None anticipated |
| 01-370-7020 | EQUIPMENT REIMBURSEMENT | 5,198 | - | - | Speed Signs paid for with DUI funds |
| | Total Reimbursable Expenses | \$ 82,307 | \$145,120 | \$30,000 | |

Other Expenses

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|----------------------------------|
| 01-380-5970 | REFUNDS | \$36,764 | \$ 500 | \$ 1,500 | Prior year actuals |
| 01-380-5975 | SALES TAX REBATE | 33,981 | 180,000 | 180,000 | Projected same as prior year |
| 01-380-5999 | MISCELLANEOUS EXPENSE | 2,147 | 1,000 | 4,000 | Estimated based upon prior years |
| | Total Other Expenses | \$72,892 | \$181,500 | \$185,500 | |

Grants

VOCA: The City receives grant funds through the Victims of Crime Act (VOCA). The purpose of the VOCA Assistance programs is to fund direct services to victims of crime that 1) respond to the victims; 2) assist victims of crime to stabilization their lives after victimization; 3) assist victims to understand and participate in the criminal justice system; and 4) provide victims of crime with a safe and secure environment. The VOCA grant serves the needs of the following victims: robbery, drunk drivers, homicide, violent crimes, and adults abused as children. The City's matching funds portion is \$16,017.

Tobacco Enforcement Program: The City receives grant fund through the "Kids Can't Buy 'Em Here" Tobacco Enforcement Program. The State of Illinois Liquor Control Commission allows a municipality to retain one-half of the monetary penalties collected and the remaining one-half are to be sent to the state. The fine is levied against the clerk selling the tobacco product to the minor. According to the Sale of Tobacco to Minors Act, "Any person who violates any provision of this Act is guilty of a petty offense and for the first offense shall be fined \$200, \$400 for the second offense in a 12-month period, and \$600 for the third or any subsequent offense in a 12-month period." The City is not required to match funds.

Grants (continued)

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|---|
| 01-390-5910 | GRANT - VOCA EXPENSE | \$80,910 | \$80,084 | \$80,084 | VOCA Grant submission required expense & match |
| 01-390-5912 | GRANT - EAB | 1,325 | - | - | Remove and replace trees - Emerald Ash Bore Program |
| 01-390-5915 | GRANT - DECO LIGHTING | 48,268 | - | - | Expenses related to approved grants |
| 01-390-5916 | GRANT - GREEN REGION | - | 20,000 | - | Com-Ed Grant for plantings |
| 01-390-5946 | GRANT-POLICE EQUIP EXPENSE | - | 300 | 300 | Vests |
| 01-390-5947 | GRANT-POLICE TOBACCO EXP | 1,561 | 300 | 300 | Cigarette purchases |
| | TOTAL GRANT EXPENSE | \$132,065 | \$100,684 | \$80,684 | |

Debt Service

The following debt serve relates to Series 2008 Debt Certificates in the amount of \$2,450,000 issued for the purpose of funding various capital projects.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|----------------------------------|
| 01-400-6000 | PRINCIPAL | \$120,000 | \$120,000 | \$130,000 | Series 2008 GO Debt Certificates |
| 01-400-6010 | INTEREST | 69,812 | 64,689 | 59,496 | Series 2008 GO Debt Certificates |
| | TOTAL DEBT EXPENSE | \$189,812 | \$184,689 | \$189,496 | |

Interfund Transfer Out

The following debt serve relates to Series 2008 Debt Certificates in the amount of \$2,450,000 issued for the purpose of funding various capital projects.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|--|
| 01-600-8090 | INTERFUND TRANSFER OUT | \$ 254,717 | \$ - | \$2,000,000 | Principal Payment of Development Fund Debt Certificate |

Capital Outlay

The City's operational needs for capital expenditures must be weighed against the ability of the City to finance these projects. Capital improvement projects represent the equipment and infrastructure resources that all municipalities need to provide resident and business services and generally provide future benefits with long service lives. Capital expenditures are costs that create future benefits. A capital expenditure is incurred when the City spends money to buy fixed assets or add value to an existing fixed asset. The City capitalizes all equipment purchases over \$10,000. Additional detail is located in the Capital Improvement Plan detail in Section 12.

| General Ledger # | General Ledger Acct Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|---------------------------------|-------------------|--------------------------|------------------|--|
| 01-520-7010 | BUILDING | \$ - | \$750,000 | \$- | Purchase of Properties |
| 01-520-7011 | BUILDING IMPROVEMENTS - ADMIN | - | 171,280 | 200,000 | \$200,000 demolition of building and construction of parking lot - Removed Brick Pavers |
| 01-550-7020 | EQUIPMENT - PW | - | 175,000 | - | None anticipated |
| 01-550-7050 | ROAD CONSTRUCTION | - | 200,000 | 86,000 | Road Improvements after Road Construction fund has a zero balance will be general fund exp. \$114,000 in Road Const Fund |
| 01-550-7053 | DRAINAGE IMPROVEMENTS | - | 225,000 | 430,000 | Drake and Country Gardens, Countryside (Roberts School area) and Elm Street \$430,000 - reduced by \$141,025 since a portion of the work will be done in-house |
| 01-560-7011 | BUILDING IMPROVE - POLICE | 135,701 | 310,000 | - | Parking structure \$200,000 & Repair/Replace Parking lot \$60,000 - last fiscal year |
| 01-560-7020 | EQUIPMENT - POLICE | - | 34,000 | - | None anticipated |
| 01-560-7040 | VEHICLES - POLICE | 78,849 | 80,700 | 85,000 | 2 new squad cars |
| | TOTAL CAPITAL EXPENSE | \$214,550 | \$1,945,980 | \$801,000 | |

Total General Fund Revenues, Expenditures and Net Income

The City of Prospect heights General Fund Net Income for FY2014-2015 is anticipated to have a net gain of \$115,397.

| | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 |
|-----------------------------|-------------------|--------------------------|------------------|
| Total General Fund Revenues | \$ 10,808,134 | \$ 9,279,308 | \$ 9,220,830 |
| Total General Fund Expenses | 7,466,114 | 9,892,779 | 10,917,674 |
| Net Income | \$ 3,342,020 | \$ (613,471) | \$ (1,696,844) |

Section 6

Special Revenue Funds

Motor Fuel Tax

Palatine/Milwaukee TIF

Tourism District

Development Fund

DEA Seizure

Solid Waste Fund



Special Revenue Accounts

Special Revenue accounts are used to account for general government financial resources that are restricted by law or contractual agreement to specific purposes other than debt service or major capital projects. The funds exist as long as the government has resources dedicated to specific purposes.

Motor Fuel Tax Fund

The State of Illinois distributes taxes paid by consumers at the gas pump to municipalities on a per capita basis. The use of these funds is restricted to the following purposes:

- Pavement Repair and Maintenance
- Construction of Roads
- Snow & Ice Removal
- Traffic Control Devices and School Crossing Signals
- Utility Adjustments
- Street lighting
- Traffic Signal Maintenance
- Parkway Maintenance
- Bicycle Signs and Markings
- Engineering Services
- Off-Street Parking Facilities
- Retirement of Indebtedness
- Payment of Principal and Interest on Road Bonds
- Miscellaneous Expenses in Connection with Bond Issue
- Salt Storage Facilities
- Storm Sewers
- Sidewalks and Curb Ramps
- Wages or Salaries and Benefits
- Equipment Operating Costs
- Tree Trimming and Tree Removal
- Workers' Compensation Insurance Premiums
- Improvements Railroad Signal Protection and Crossing Work

The City has experienced stagnation and then a decline in this revenue stream, which directly correlates to the change in statewide sales of gasoline. Logical reasons for this decline include the use of more fuel-efficient vehicles, increased use of carpooling, increased use of public transportation, and a decline in discretionary travel for recreation and shopping.

The proposed budget for FY2015-2016 was developed assuming a slight increase in the per capita rate based upon the Illinois Municipal League projections versus the FY2014-2015 rate; a population of 16,256 (2010 Census); and no additional revenue from the High Growth Cities fund and \$74,177 from the Jobs Now Program. The decrease in revenues reflects these changes. According to the 2010 Census, the City's population decreased 825 people from 17,081 to 16,256.

In FY2006, the City issued \$2,220,000 of General Obligation Debt Certificates and used the proceeds from this debt issue to fund larger scale projects in its FY2006 and FY2007 road improvement program. The City pledged all of its non-home rule sales tax receipts and a portion of its motor fuel tax receipts for repayment of this debt issue in FY2011-2012. This debt was paid off in FY2012.

Motor Fuel Tax Fund (continued)

Below is historical information on the City's motor fuel tax receipts.

| Fiscal Year | Revenues | Rate Per Capita |
|-----------------|--------------|-----------------|
| FY2007-2008 | \$ 486,482 | 28.48 |
| FY2008-2009 | \$ 455,237 | 26.65 |
| FY2009-2010 | \$ 440,184 | 25.77 |
| FY2010-2011 | \$ 515,403 * | 25.83 |
| FY2011-2012 | \$ 473,725 * | 24.89 |
| FY2012-2013 | \$ 461,274 * | 23.81 |
| FY2013-2014 | \$ 537,316 * | 23.93 |
| FY2014-2015 (B) | \$ 460,257 * | 23.75 |
| FY2015-2016 (B) | \$ 386,893 | 23.80 |

*includes \$74,177 in Illinois Jobs Now Funds

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|---|
| 11-100-3216 | GRANT - STP | \$ 34,036 | \$ - | \$ - | None anticipated |
| 11-100-3800 | INTEREST INCOME | 91 | 60 | 60 | Illinois Funds @.1% |
| 11-110-3120 | MOTOR FUEL TAX | 537,316 | 460,257 | 386,893 | \$23.80 per capita per Illinois Municipal League projections - Jobs Now Revenue not anticipated this year |
| | Total Revenue | \$571,444 | \$460,317 | \$386,953 | |
| 11-300-5100 | PROFESSIONAL SERVICES | 1,267 | 43,000 | 30,000 | Engineering - SRTS and MFT audit |
| 11-300-5401 | SERVICE CHARGE - GF | 322,808 | 249,200 | 295,200 | Based upon actual hours of PW employees |
| 11-300-5632 | ICE CONTROL MAINTENANCE | 47,951 | 50,000 | 50,000 | Same as last year's budget |
| 11-300-7020 | EQUIPMENT | 24,243 | - | - | Non-anticipated |
| 11-500-7051 | SIDEWALKS | 34,349 | 250,000 | 350,000 | Schoenbeck/Willow Sidewalk pending grant approval & \$100,000 Illinois Transportation Enhancement Program |
| | Total Expenses | \$ 430,619 | \$592,200 | \$725,200 | |
| | Total Motor Fuel Tax | \$ 140,824 | \$(131,883) | \$(338,247) | |

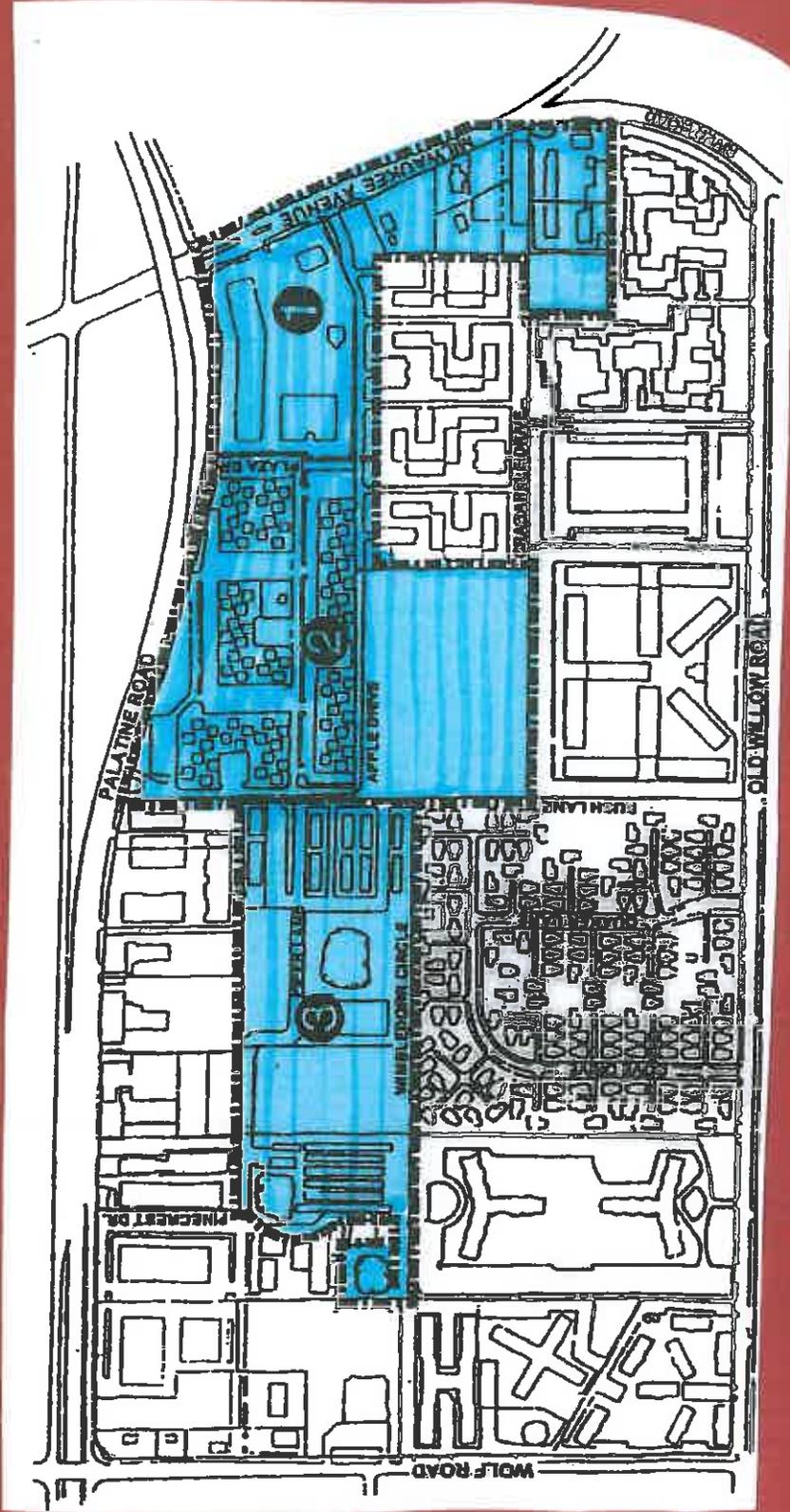
Palatine/Milwaukee TIF Fund

The Palatine/Milwaukee TIF district was established to develop property on the east side of the City. The TIF district is supported by the property tax revenue generated on the incremental increase in property values on land located within the TIF district.

The TIF district revenues related to property taxes are based upon the Cook County Clerk TIF Summary Report. The expenses are budgeted for legal and professional services associated with the TIF Ordinance review. The expenses also include reimbursement to Developers for allowable TIF rehabilitation expenses and expansion expense related to the Public Works building.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|--|-------------------|--------------------------|--------------------|---|
| 12-100-3000 | REAL ESTATE TAXES | \$630,511 | \$ 405,774 | \$ 510,798 | Based on Cook County Clerk TIF Summary Report |
| 12-100-3211 | DECO GRANT | - | 100,000 | - | Grant for Public Works addition |
| 12-100-3800 | INTEREST INCOME | 292 | (600) | 1,063 | Based upon the Illinois Fund rate of .1% |
| | Total Revenues | \$630,803 | \$505,174 | \$511,861 | |
| 12-300-5100 | PROFESSIONAL SERVICES | \$ 31,430 | \$50,000 | \$5,000 | Engineering reviews |
| 12-300-5101 | AUDIT | 3,472 | 3,700 | 3,847 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds plus TIF Audit |
| 12-300-5120 | LEGAL SERVICES | 819 | 5,000 | 5,000 | TIF ordinance review and extension |
| 12-300-5401 | SERVICE CHARGE - GENERAL FUND | 131,906 | 77,400 | 82,000 | Based upon actual hours of PW employees |
| 12-300-5430 | BANK FEES | 850 | 850 | 850 | Bond bank charges |
| 12-300-5560 | TIF - REHAB/REPAIR EXIST BLDG | - | 200,000 | 100,000 | Developer reimbursement of TIF eligible expenses - Players remaining commitment |
| 12-400-6000 | PRINCIPAL | 345,000 | 400,000 | 420,000 | Palatine/Milwaukee TIF Load, Series 2004 Bonds |
| 12-400-6010 | INTEREST | 99,665 | 84,485 | 66,885 | Palatine/Milwaukee TIF Load, Series 2004 Bonds |
| 12-500-7011 | BUILDING IMPROVEMENTS | - | 1,500,000 | 335,000 | Public Works Addition carry-over from prior year |
| | Total Expenses | \$613,142 | \$2,321,435 | \$1,018,582 | |
| | Total Palatine/Milwaukee TIF Fund | \$17,661 | \$(1,816,261) | \$(506,721) | |

TIF Boundary Map



TIF Project Boundary
Milwaukee Avenue/Palatine Road
Tax Increment Financing Redevelopment Project and Plan
City of Prospect Heights

Project Boundary
Section Areas

Tourism District

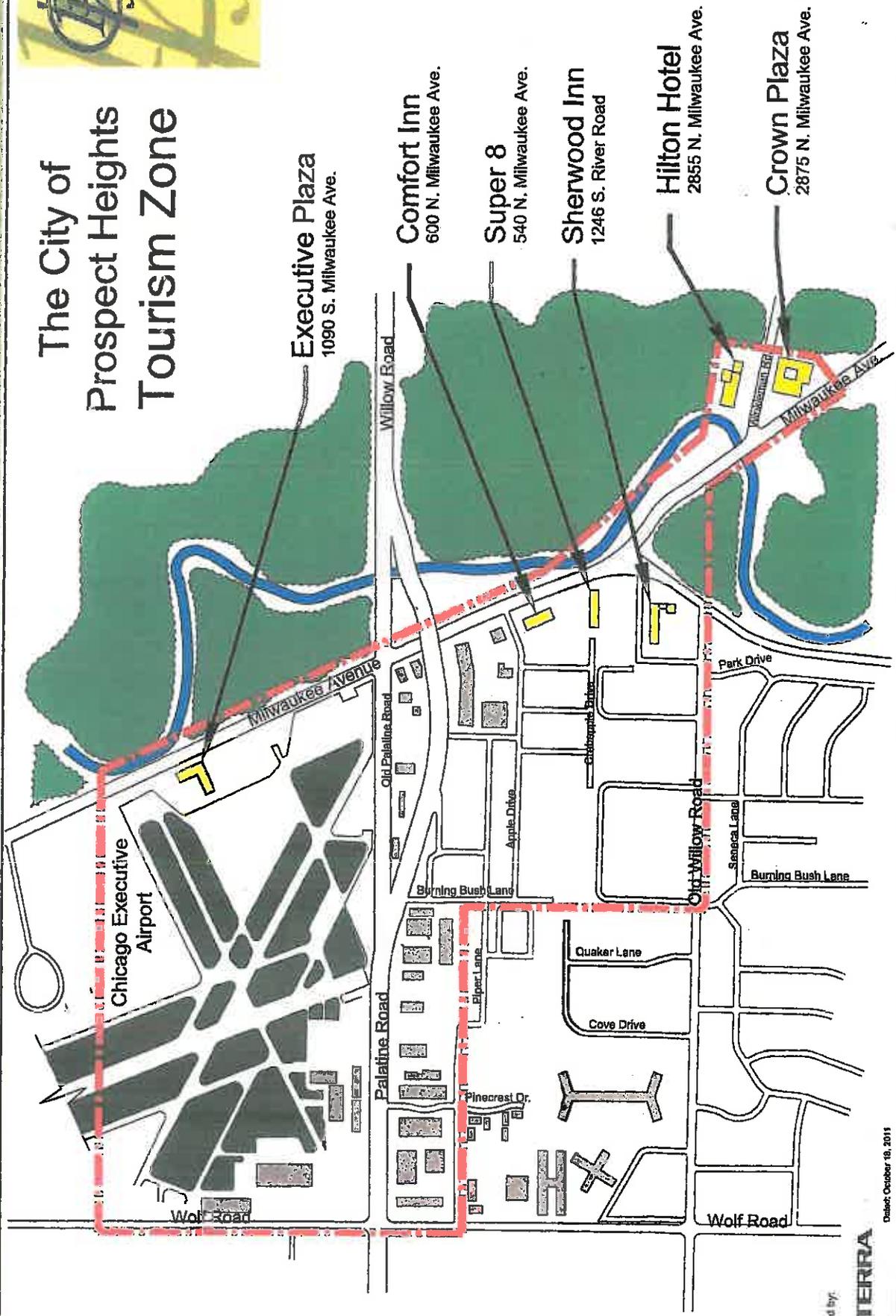
The Prospect Heights Convention & Visitors Bureau's (CVB) was set up to promote hospitality-related business, thereby increasing hotel tax and sales tax revenues. In July 2013, the CVB was restructured. It was determined that it was in the best interest of the City's hotel, restaurant and tourism businesses to join the North Shore CVB, to form a tourism board, and to implement a hotel tourism zone.

The Tourism Zone area is one of the city's biggest assets. The Tourism Zone area contains the entire city's hotels, the Chicago Executive Airport, and a fair number of food and retail uses.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|---------------------|--------------------------|--------------------|--|
| 13-100-3020 | HOTEL TAXES | \$ 757,813 | \$700,000 | \$711,200 | Treading 1.6% higher than prior year |
| 13-100-3800 | INTEREST INCOME | 987 | 348 | 348 | Reserve funds are being depleted interest lower than prior years |
| | Total Revenue | \$ 758,800 | \$700,348 | \$711,548 | |
| 13-300-5100 | PROFESSIONAL SERVICES | \$ 12,242 | \$1,000 | \$10,000 | Attorney or Engineering expenses |
| 13-300-5101 | AUDIT | 1,470 | 1,325 | 1,350 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 13-300-5108 | BEAUTIFICATION | 22,117 | 146,586 | 354,623 | 15% of hotel tax revenue less service charges, admin expenses & membership plus \$120,000 potential carryover plus \$150,000 reserve |
| 13-300-5310 | MEMBERSHIPS | 63,000 | 84,725 | 63,000 | Chicago's North Shore CVB Membership Dues |
| 13-300-5401 | SERVICE CHARGE - GENERAL FUND | 68,271 | 61,200 | 72,700 | Based upon actual hours of PW employees/Administration |
| 13-300-5920 | GRANT - HOTELS | 394,498 | 398,121 | 389,764 | \$150,000 in reserve plus 42.5% of hotel tax revenue less service charge, admin expense and membership |
| 13-600-8090 | INTERFUND TRANSFER OUT | 403,433 | 403,433 | 389,764 | Police portion of \$150,000 in reserve plus 42.5% of hotel tax revenue less service charge, admin expense and membership |
| | Total Expenses | \$ 965,031 | \$1,096,390 | \$1,281,200 | |
| | Total Tourism District | \$ (206,231) | \$(396,042) | \$(569,652) | |



The City of Prospect Heights Tourism Zone



Prepared by:
TERRA
DATE: October 18, 2011

Development Fund – Palatine Road TIF (Arena)

The Development Fund has been established for the sale of property held by the City for sale.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|---------------------|--------------------------|--------------------|--|
| 14-100-3800 | INTEREST INCOME | \$ | 4 | \$ | 3 |
| 14-100-3820 | SALE OF CITY PROPERTY | | - | 1,424,932 | - |
| 14-100-3899 | MISCELLANEOUS INCOME | 17,000 | 57,825 | - | Sale of 31-33 Building |
| 14-200-3900 | PROCEEDS FROM DEBT ISSUED | - | - | 3,350,000 | Closing contingency fees |
| 14-200-3990 | INTERFUND TRANSFER IN | - | - | 2,000,000 | Issuance of new Debt |
| | Total Revenue | \$ 17,004 | \$1,482,760 | \$5,350,003 | General Fund payment of Principal |
| 14-300-5100 | PROFESSIONAL SERVICES | \$ 46,491 | \$300,000 | \$300,000 | Engineering, site evaluation, commission sale of property, TIF attorney review |
| 14-300-5101 | AUDIT | 1,911 | 1,905 | 1,213 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 14-300-5430 | BANK FEES | 350 | 450 | 450 | Loan Maintenance Fees |
| 14-300-5450 | PROPERTY TAXES | - | - | - | None anticipated |
| 14-300-5500 | LIABILITY INSURANCE | 29,813 | 19,100 | - | Property sold with building sold |
| 14-400-6000 | PRINCIPAL | - | 730,000 | 4,700,000 | Principal due FY2016 |
| 14-400-6010 | INTEREST | 169,688 | 169,688 | 169,688 | Paid with proceed of sale of property |
| 14-400-6020 | NEW DEBT ISSUANCE COST | - | - | 50,000 | Cost of issuing debt |
| | Total Expenses | \$ 248,253 | \$1,221,143 | \$5,221,351 | |
| | Total Development Fund | \$ (231,248) | \$261,617 | \$128,652 | |

DEA Seizure Fund

The DEA Seizure fund was established to track the collection and use of seized funds. The City currently has an officer assigned to the DEA Task Force. While the City remains responsible for payment of the officer's wages and benefits, the U.S. Department of Justice does reimburse the City for overtime wages. In addition, the City shares in all revenues seized by the City's officer and the DEA Task Force team to which he is assigned.

The allowable uses for the seized funds is established by the U.S. Department of Justice and detailed in, "A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies". Some of the permissible and impermissible uses for equitably-shared property include:

Permissible Uses:

1. Law enforcement investigations.
2. Law enforcement training.
3. Law enforcement and detention facilities.
4. Law enforcement equipment.
5. Law enforcement travel and transportation.
6. Law enforcement awards and memorials.
7. Drug and gang education and awareness programs.
8. Matching funds – the costs associated with paying the City's matching contribution or share in a federal grant program, provided that the grant funds are used for a permissible law enforcement purpose.
9. Pro rata funding.
10. Asset accounting and tracking.
11. Language assistance services.

Impermissible Uses:

1. Salaries and benefits – equitable sharing monies may not be used to pay the salaries and benefits of current, permanent law enforcement personnel, except in the following limited situations.
 - a. Express statutory authorization – For example, the Community Policing Services (COPS) program.
 - b. Overtime of officers and investigators – Shared funds may be used to pay the overtime of officers and investigators involved in law enforcement operations. This policy is applicable to all officers and is not limited to those working on drug-related investigations.
 - c. New positions and temporary or not-to-exceed one year appointments.
 - d. Salary of an officer hired to replace an officer assigned to a task force.
 - e. Specialized programs – for example, DARE.
2. Use of forfeited property by non-law enforcement personnel.

DEA SEIZURE FUND (continued)

Equitable sharing funds must be used to increase or supplement the existing law enforcement budget and shall not be used to replace or supplement the City's appropriated resources for law enforcement.

The FY2014-2015 budget includes \$10,000 for police station enhancements and two radios at \$4,000 each.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|---|
| 16-100-3551 | POLICE REVENUE-TASK FORCE | \$296,074 | \$ - | \$ - | None anticipated per law |
| 16-100-3800 | INTEREST INCOME | 31 | - | - | None anticipated |
| | Total Revenue | \$296,105 | \$ - | \$ - | |
| 16-300-4011 | OVERTIME - SWORN OFFICERS | \$ - | \$20,000 | \$20,000 | Special patrols and enforcement activities |
| 16-300-5101 | AUDIT | 759 | 1,000 | 1,223 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 16-300-5310 | MEMBERSHIP | - | 4,200 | 4,000 | LEADS On-Line - Investigative tool for pawned property. |
| 16-300-5330 | TRAINING | - | 4,800 | 5,400 | Donation National Law Enforcement Officers Memorial Fund. IACP conference in Chicago 2015, entire command staff |
| 16-300-5710 | OPERATING SUPPLIES | 2,990 | 17,500 | 22,000 | \$8,000 Education and Crime Prevention Materials and Supplies. \$5,000 25th Anniversary, \$9,000 update Hepatitis Immunization entire department. |
| 16-300-5970 | REFUNDS | 42,542 | - | - | None anticipated |
| 16-300-7011 | BUILDING IMPROVEMENTS | - | 50,000 | - | None anticipated |
| 16-300-7020 | EQUIPMENT | 9,897 | 17,200 | 6,000 | Training and fitness room furniture and equipment |
| 16-300-7021 | RADIO EQUIPMENT | - | 8,000 | - | Radios OK! |
| 16-300-7022 | POLICE EQUIPMENT | 3,301 | - | 7,000 | Speed Signs remaining amount paid for with DUI fund - Total \$15,000 |
| 16-500-7020 | EQUIPMENT - CAPITAL | 43,200 | - | 76,000 | Electric ATV and cameras |
| | Total Expenses | \$102,690 | \$122,700 | \$141,623 | |
| | Total Seizure Fund | \$193,415 | \$122,700 | \$141,623 | |

Solid Waste Disposal Fund

The Solid Waste Disposal Funds was established as required by the project use agreement between the City and the Solid Waste Agency of Northern Cook County (SWANCC). The Fund accounts for all user fees collected by the City on behalf of the Agency for transfer and waste disposal services. Over the past several years the cost per ton paid by the City to dispose of garbage reflected increases due to SWANCC debt service costs. In Fiscal Year 2009-10, the City Council approved a 10% increase in its SWANCC fee to pay for the current year's garbage cost along with the prior years' true-up costs. The City has maintained rates at the FY2009-2010 rates.

SWANCC FEES

| | | |
|---------------|--------------------|--------------------|
| | <u>FY2008/2009</u> | <u>FY2009/2010</u> |
| | <u>To Present</u> | |
| Single Family | \$8.65 | \$9.52 |
| Townhome | \$5.21 | \$5.73 |
| Multi-Family | \$5.21 | \$5.73 |
| Commercial | \$5.00/yard | \$6.00/yard |

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|--|
| 17-100-3355 | SOLID WASTE FEES | \$565,104 | \$567,100 | \$567,100 | Flat - no increase in fees |
| 17-100-3800 | INTEREST INCOME | 343 | 191 | 191 | Based upon .1% Illinois Funds rate |
| | Total Revenues | \$565,447 | \$567,291 | \$567,291 | |
| 17-300-5100 | PROFESSIONAL SERVICES | \$882 | \$- | \$- | None Anticipate |
| 17-300-5101 | AUDIT | 710 | 1,040 | 1,193 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 17-300-5401 | SERVICE CHARGE - GENERAL FUND | 91,136 | 98,000 | 124,000 | Based upon actual hours of PW & Building & Development employees |
| 17-300-5420 | SWANCC CHARGES | 436,497 | 456,600 | 415,656 | 7610 tons @ \$60 per ton estimate per SWANCC |
| | Total Expense | \$529,224 | \$555,640 | \$540,849 | |
| | Solid Waste Disposal Fund | \$36,223 | \$11,651 | \$26,442 | |

Section 7

Special Revenue Funds (Continued)

- SSA #1 – Prospect Heights Sanitary District
- SSA #2 – Wolf Mandel Sanitary District
- SSA #3 – Country Gardens Sanitary District
- SSA #4 – Pinecrest Sanitary District
- SSA #5 – Palatine/Willow Stormwater
- SSA #6 – Water Main Construction
- SSA #8 – Levy 37



Special Service Areas (SSA)

SSA #1

Special Service Area #1 - Prospect Heights Sanitary District was established for the purpose of maintaining the sanitary sewer systems.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Approved Budget 2014-2016 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|---------------------------|-------------------|--|
| 21-100-3000 | REAL ESTATE TAXES | \$ 41,101 | \$35,000 | \$28,300 | Based upon tax levy |
| 21-100-3800 | INTEREST INCOME | 1 | - | - | None anticipated |
| | Total Revenue | \$ 41,102 | \$35,000 | \$28,300 | |
| 21-300-5100 | PROFESSIONAL SERVICES | \$ - | \$500 | \$- | None anticipated |
| 21-300-5101 | AUDIT | 621 | 915 | 1,147 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 21-300-5401 | SERVICE CHARGE - GENERAL FUND | 31,624 | 36,000 | 41,700 | Based upon actual hours of PW employees |
| 21-300-5530 | WORKERS COMPENSATION INSURANCE | 641 | 475 | 586 | Allocation of Department based upon classifications & sewer lines |
| 21-500-7020 | EQUIPMENT | - | - | 5,000 | New sewer camera |
| | Total Expense | \$ 32,886 | \$37,890 | \$48,433 | |
| | Total SSA #1 | \$ 8,216 | \$(2,890) | \$(20,133) | |

Special Service Areas (SSA) (continued)

SSA #2

Special Service Area #2 – Wolf Mandel Sanitary District was established for the purpose of maintaining the sanitary sewer systems.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget | | Description |
|------------------|------------------------------------|-------------------|-----------------|------------------|--|
| | | | 2014-2015 | Budget 2015-2016 | |
| 22-100-3000 | REAL ESTATE TAXES | \$ 68,719 | \$50,000 | \$44,200 | Based upon tax levy |
| 22-100-3800 | INTEREST INCOME | 3 | 2 | 598 | None anticipated |
| | Total Income | \$ 68,722 | \$50,002 | \$44,798 | |
| 22-300-5100 | PROFESSIONAL SERVICES | \$ - | \$500 | \$- | None Anticipated |
| 22-300-5101 | AUDIT | 601 | 900 | 1,181 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 22-300-5401 | SERVICE CHARGE - GENERAL FUND | 34,949 | 38,100 | 43,300 | Based upon actual hours of PW employees |
| 22-300-5530 | WORKERS COMP INSURANCE | 961 | 320 | 391 | Allocation of Department based upon classifications & sewer lines |
| 22-500-7020 | EQUIPMENT | - | - | 5,000 | New sewer camera |
| | Total Expenses | \$ 36,511 | \$39,820 | \$49,872 | |
| | Total SSA #2 | \$ 32,212 | \$10,182 | \$(5,073) | |

Special Service Areas (SSA) (continued)

SSA #3

Special Service Area #3 - Country Gardens Sanitary District was established for the purpose of maintaining the sanitary sewer systems.

| General Ledger # | General Ledger Account Description | Actuals | | Amended Budget | | Description |
|------------------|------------------------------------|--------------------|-------------------|-------------------|-----------|---|
| | | 2013-2014 | 2014-2015 | 2014-2015 | 2015-2016 | |
| 23-100-3000 | REAL ESTATE TAXES | \$ 11,285 | \$20,000 | \$22,000 | | Based upon tax levy |
| 23-100-3800 | INTEREST INCOME | 81 | 439 | 439 | | Based upon the Illinois Fund rate of .1% |
| 23-100-3899 | MISCELLANEOUS INCOME | - | - | 21 | | |
| | Total Revenue | \$ 11,366 | \$20,439 | \$22,460 | | |
| 23-300-5100 | PROFESSIONAL SERVICES | \$ 19 | \$500 | \$- | | None Anticipated |
| 23-300-5101 | AUDIT | 799 | 1,030 | 1,192 | | Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 23-300-5401 | SERVICE CHARGE - GENERAL FUND | 48,915 | 45,900 | 53,000 | | Based upon actual hours of PW employees |
| 23-300-5530 | WORKERS COMPENSATION INSURANCE | 1,205 | 1,275 | 1,591 | | Allocation of Department based upon classifications & sewer lines |
| 23-500-7020 | EQUIPMENT | - | - | 15,000 | | Camera for televising |
| | Total Expense | \$ 50,938 | \$48,705 | \$70,783 | | |
| | Total SSA #3 | \$ (39,572) | \$(28,266) | \$(48,323) | | |

Special Service Areas (SSA) (continued)

SSA #4

Special Service Area #4 - Pinecrest Sanitary District was established for the purpose of maintaining the sanitary sewer systems.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|--------------------|---|
| 24-100-3000 | REAL ESTATE TAXES | \$ 43,862 | \$37,000 | \$40,000 | Based upon tax levy |
| 24-100-3800 | INTEREST INCOME | 4 | 2 | 21 | Based upon the Illinois funds rate of .1% |
| | Total Revenue | \$ 43,866 | \$37,002 | \$40,021 | |
| 24-300-5100 | PROFESSIONAL SERVICES | \$ - | \$1,000 | \$- | None Anticipated |
| 24-300-5101 | AUDIT | 613 | 910 | 1,169 | Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 24-300-5401 | SERVICE CHARGE - GENERAL FUND | 32,079 | 36,600 | 42,900 | Based upon actual hours of PW employees |
| 24-300-5530 | WORKERS COMPENSATION INSURANCE | 244 | 220 | 223 | Allocation of Department based upon classifications & sewer lines |
| 24-500-7020 | EQUIPMENT | - | - | 5,000 | Camera for televising |
| | Total Expenses | \$ 32,936 | \$38,730 | \$49,293 | |
| | Total SSA #4 | \$ 10,930 | \$[(1,728)] | \$[(9,272)] | |

Special Service Areas (SSA) (continued)**SSA #5**

Special Service Area #5 - Palatine/Willow Stormwater was established for the purpose of storm water management.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Anticipated Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|--------------------|------------------------------|--------------------|--|
| 25-100-3000 | REAL ESTATE TAXES | \$ 2,988 | \$5,500 | \$6,000 | Based upon tax levy |
| 25-100-3800 | INTEREST INCOME | 60 | 25 | 341 | Based upon the Illinois funds rate of .1% |
| 25-100-3899 | MISCELLANEOUS INCOME | - | - | - | None anticipated |
| | Total Revenue | \$ 3,048 | \$5,525 | \$6,341 | |
| 25-300-5050 | SYSTEM MAINTENANCE | \$ 1,563 | \$5,000 | \$5,000 | Pump repairs |
| 25-300-5100 | PROFESSIONAL SERVICES | - | 10,000 | 10,000 | Engineering |
| 25-300-5101 | AUDIT | 824 | 1,035 | 1,264 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 25-300-5401 | SERVICE CHARGE - GENERAL FUND | 45,114 | 51,200 | 54,900 | Based upon actual hours of PW employees |
| 25-300-5500 | LIABILITY INSURANCE | 1,336 | 600 | 1,058 | Based upon building & equipment allocations |
| 25-300-5972 | PROPERTY TAX REFUND | 129 | - | - | |
| 25-500-7020 | EQUIPMENT | - | - | 15,000 | Camera for televising |
| 25-500-7053 | DRAINAGE IMPROVEMENTS | - | - | 110,542 | Quincy Park west property line drainage proposal plus \$10,000 contingency |
| | Total Expenses | \$ 48,965 | \$67,835 | \$197,765 | |
| | Total SSA #5 | \$ (45,917) | \$(62,310) | \$(191,423) | |

Special Service Areas (SSA) (continued)

SSA #6

Special Service Area #6 has been approved by the residents for the purpose of bringing Lake Michigan water to the residents in the area of town located east of Wheeling Road and north of Camp McDonald Road.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|--------------------|--------------------------|-------------------|--|
| 26-100-3800 | INTEREST INCOME | \$ 20 | \$5 | \$150 | Based upon the Illinois funds rate of .1% |
| | Total Revenue | \$ 20 | \$5 | \$150 | |
| 26-300-5101 | AUDIT | \$ 1,171 | \$1,725 | \$1,729 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 26-300-5401 | SERVICE CHARGE - GF | 54,268 | 52,000 | 66,300 | Based upon actual hours of PW employees |
| | Total Expenses | \$ 55,439 | \$53,725 | \$68,029 | |
| | Total SSA #6 | \$ (55,419) | \$(53,720) | \$(67,879) | |

Special Service Areas (SSA) (continued)**SSA #8**

Special Service Area #8 (SSA #8) was established for the acquisition of necessary land rights, and the construction, maintenance and operation of Levee 37, and related flood control measures which benefit the proposed area.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|-------------------|--|
| 28-100-3000 | REAL ESTATE TAXES | \$ 254,882 | \$200,000 | \$206,000 | Based upon tax levy |
| 28-100-3800 | INTEREST INCOME | 181 | - | - | None anticipated |
| | Total Revenue | \$ 255,063 | \$200,000 | \$206,000 | |
| 28-300-5050 | SYSTEM MAINTENANCE | \$ 5 | \$- | \$- | None anticipated |
| 28-300-5100 | PROFESSIONAL SERVICES | 55,729 | 25,000 | 25,000 | Pump servicing - Flood Control |
| 28-300-5101 | AUDIT | 750 | 1,015 | 1,286 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 28-300-5401 | SERVICE CHARGE - GENERAL FUND | 59,140 | 92,800 | 90,800 | Based upon actual hours of PW employees |
| 28-300-5500 | LIABILITY INSURANCE | (21) | 600 | - | Based upon building & equipment allocations |
| 28-300-7020 | EQUIPMENT | - | 7,000 | 7,000 | Lawnmower \$7,000 |
| 28-400-6000 | PRINCIPAL | 56,439 | 100,000 | 100,000 | Repayment of notes payable |
| 28-400-6010 | INTEREST | 9,000 | 6,750 | 4,500 | Interest expense line of credit at 2.25% |
| 28-500-7020 | CAPITAL EXPENSE | - | 40,000 | 15,000 | Camera for televising |
| | Total Expenses | \$ 181,041 | \$273,165 | \$243,586 | |
| | Total SSA #8 | \$ 74,022 | \$(73,165) | \$(37,586) | |

Section 8

Capital Project Funds
Road Project Fund



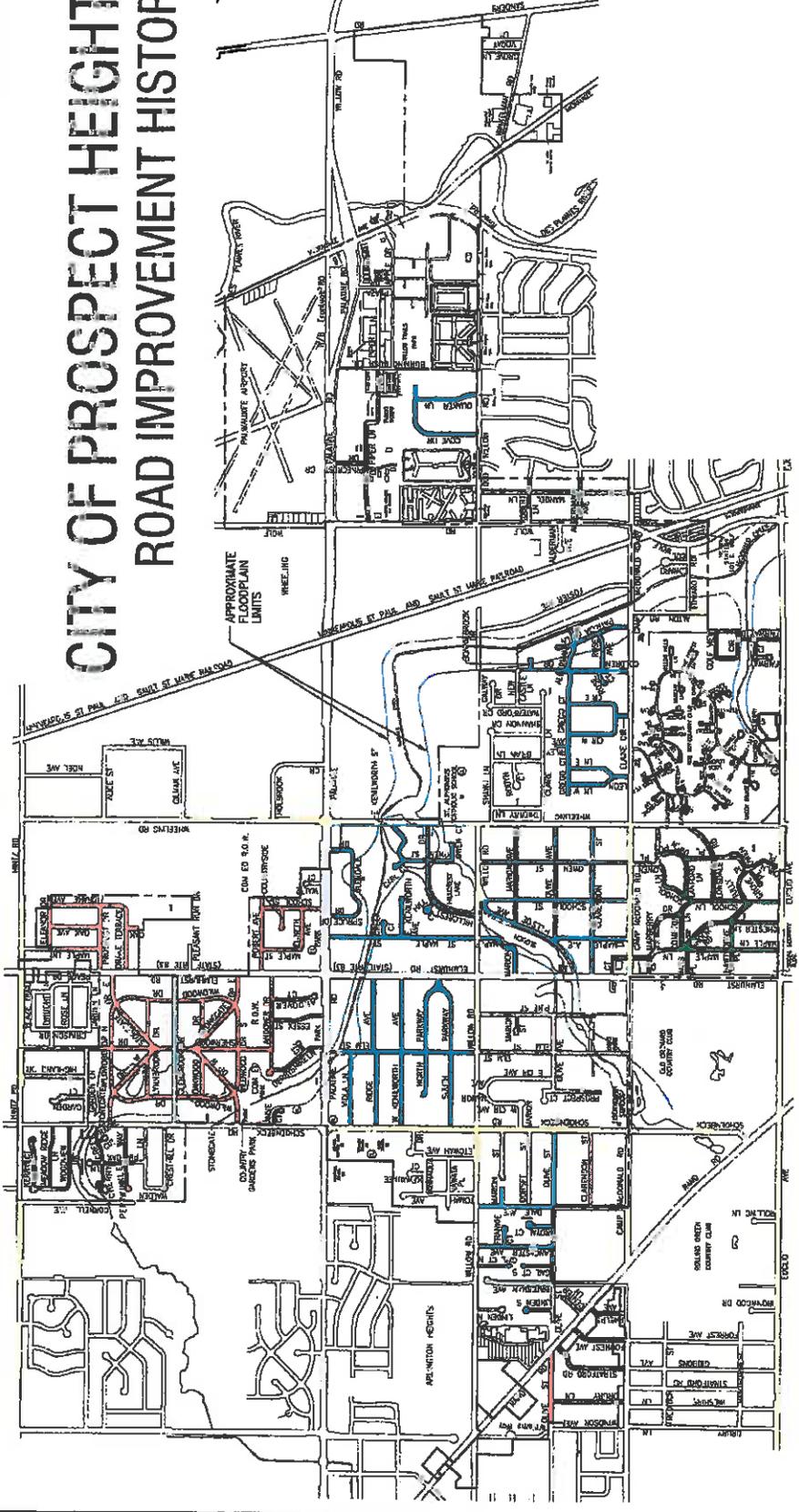
Road Construction Fund

The FY2015-2016 budget includes the costs related to drainage improvements and road repairs. All three phases of the road program are in the final stages of completion and funds will be completely depleted by the end of FY 2015-2016.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-----------------------|--------------------------|---------------------|---|
| 31-100-3800 | INTEREST INCOME | \$746 | \$ 160 | \$ - | None anticipated |
| 31-100-3899 | OTHER INCOME | - | 100,000 | - | Road Construction Settlement in FY2014-15 |
| | Total Revenue | \$746 | \$100,160 | \$ - | |
| 31-300-5100 | PROFESSIONAL SERVICES | \$ 33,201 | \$ 30,000 | \$ - | None anticipated |
| 31-300-5101 | AUDIT | 1,464 | 2,400 | - | Moved to Road Construction Debt |
| 31-300-5401 | SERVICE CHARGE - GF | 351,870 | 229,800 | - | The Road Construction Fund will have no funds remaining next year |
| 31-400-6020 | NEW DEBT ISSUANCE COST | - | - | - | None anticipated |
| 31-500-7040 | VEHICLES | 309,778 | - | - | None anticipated |
| 31-500-7050 | ROAD CONSTRUCTION | 3,366,613 | 300,000 | 114,000 | Repairs to current roads |
| 31-500-7053 | DRAINAGE IMPROVEMENTS | 992 | 625,000 | - | None anticipated |
| 31-600-8090 | INTERFUND TRANSFER OUT | - | - | - | None anticipated |
| | Total Expenses | \$ 4,063,918 | \$ 1,187,200 | \$ 114,000 | |
| | Total Road Construction | \$ (4,063,172) | \$ (1,087,040) | \$ (114,000) | |



CITY OF PROSPECT HEIGHTS ROAD IMPROVEMENT HISTORY



LEGEND

- 2011 ROAD PROGRAM (PHASE 1) (11.1 MI)
- 2012 ROAD PROGRAM (PHASE 2) (11.0 MI)
- 2013 ROAD PROGRAM (PHASE 3) (9.2 MI)
- STATE ROUTE
- COUNTY ROUTE

- CONSTRUCTED OR RECONSTRUCTED 1987-1992
- CONSTRUCTED OR RECONSTRUCTED 1984
- CONSTRUCTED OR RECONSTRUCTED 1998
- CONSTRUCTED OR RECONSTRUCTED 2002
- CONSTRUCTED OR RECONSTRUCTED 2008

- CONSTRUCTED OR RECONSTRUCTED 2007
- CONSTRUCTED OR RECONSTRUCTED 2008
- PRIVATELY OWNED STREETS

| | | | |
|---|---|------------------------------------|---------------|
| DISIGNED - DAS DRAWING - DAN CHECKED - JCF DATE - 01-29-12 | REVISIONS - REVISION - REVISION - REVISION - | CITY OF PROSPECT HEIGHTS, ILLINOIS | |
| SCALE: 1"=100' | | PROJECT NO.: 020816 | SHEET NO.: 1 |
| DATE: 01-29-12 | | COUNTY: COOK | TOWNSHIP: 15N |
| DATE: 01-29-12 | | SECTION: 11 | RANGE: 15E |

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SECTION 9

Debt Service Funds
General Fund
Road Construction
SSA #6



Debt Funds

Road Construction Debt Fund

The Fund includes the interest and principle related to the G.O. Debt Certificate 2011A and G.O. Debt Certificate 2012 & 2013

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|--|
| 41-100-3000 | REAL ESTATE TAXES | \$ 1,251,289 | \$1,302,806 | \$1,303,335 | Amount per Tax Levy |
| 41-100-3800 | INTEREST INCOME | 4 | - | - | None anticipated |
| | Total Revenue | \$ 1,251,293 | \$1,302,806 | \$1,303,335 | |
| 41-300-5430 | BANK FEES | \$ 1,850 | \$2,700 | \$2,700 | \$450 per payment 6 payments |
| 41-300-5101 | AUDIT | - | - | 2,377 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 41-400-6000 | PRINCIPAL | 585,000 | 875,000 | 960,000 | G.O. Debt Certificates Series 2011A, 2012, and 2013 |
| 41-400-6010 | INTEREST | 357,364 | 427,806 | 343,335 | G.O. Debt Certificates Series 2011A, 2012, and 2013 |
| | Total Expenses | \$ 944,214 | \$1,305,506 | \$1,308,412 | |
| | Road Construction Debt | \$ 307,079 | \$(2,700) | \$(5,077) | |

SSA #6 Debt Fund

The Fund includes the interest and principle related to the Special Service Area #6 Bonds, Series 2009.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|------------------|---|
| 46-100-3000 | REAL ESTATE TAXES | \$ 240,012 | \$234,753 | \$239,753 | Amount per Tax Levy |
| 46-100-3800 | INTEREST INCOME | 31 | 25 | 25 | Based upon the Illinois funds rate of .1% |
| | Total Revenue | \$ 240,042 | \$234,778 | \$239,778 | |
| 46-300-5430 | BANK FEES | \$ 450 | \$450 | \$450 | Bank maintenance fee |
| 46-400-6000 | PRINCIPAL | 95,000 | 100,000 | 110,000 | SSA #6 Bonds, Series 2009 |
| 46-400-6010 | INTEREST | 139,218 | 134,753 | 129,753 | SSA #6 Bonds, Series 2009 |
| | Total Expenses | \$ 234,668 | \$235,203 | \$240,203 | |
| | Total SSA #6 Debt | \$ 5,375 | \$(425) | \$(425) | |

Section 10

Enterprise Funds
Water Fund
Parking Fund



Enterprise Funds

Water Fund

The Water Fund accounts for the provision of potable water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, depreciation expense, financing, and billing and collection.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2014-2015 | Description |
|------------------|------------------------------------|-------------------|--------------------------|-------------------|--|
| 51-100-3800 | INTEREST INCOME | \$ 3,291 | \$ 3,000 | \$ 3,000 | Return of .25% |
| 51-100-3880 | WATER SALES | 308,119 | 281,980 | 291,310 | 47,500,000 gallons @ \$6.13/1000 gallons |
| 51-100-3881 | WATER DELIVERY CHARGE | 265,491 | 284,228 | 304,110 | 1090 customers x \$23.25/month per water study |
| 51-100-3882 | WATER INFRASTRUCTURE RESERVE | 123,607 | 129,492 | 136,163 | 1090 customers x \$10.41/month per water study |
| 51-100-3883 | WATER DEBT RETIREMENT CHARGE | 78,087 | 79,526 | 77,510 | 1090 customers x \$5.93 (\$77,510/12 months/1,090 customers) |
| 51-100-3884 | WATER SANITARY SEWER | 558 | 600 | 600 | 5 customers @\$10/month |
| 51-100-3885 | PENALTY | 4,426 | 3,200 | 1,500 | Flat |
| 51-100-3899 | MISCELLANEOUS INCOME | - | - | - | None anticipated |
| | Total Revenue | \$ 783,579 | \$ 782,026 | \$ 814,193 | |
| 51-300-4000 | WAGES | \$ 69,977 | \$ 71,436 | \$ 76,145 | New water operator at lower rate |
| 51-300-4010 | OVERTIME | 8,913 | 5,000 | 5,000 | Water main breaks and emergency |
| 51-300-4100 | HEALTH INSURANCE | 21,988 | 22,930 | 23,748 | 10% increase over last year |
| 51-300-4110 | LIFE INSURANCE | 130 | 141 | 147 | Flat |
| 51-300-4200 | SOCIAL SECURITY | 4,873 | 4,756 | 5,031 | New water operator at lower rate |
| 51-300-4210 | MEDICARE | 1,140 | 1,112 | 1,177 | New water operator at lower rate |
| 51-300-4220 | IMRF | 10,323 | 10,082 | 10,533 | IMRF increase to 13.48% CY 2014 and 15.00% in CY2015 |
| 51-300-5000 | BUILDING MAINTENANCE | - | 3,000 | 3,000 | Bulbs, general supplies, seal coating |
| 51-300-5050 | SYSTEM MAINTENANCE | 15,059 | 37,400 | 48,800 | Water main breaks: 12 breaks @\$1,200 per break, Buffalo box repairs 10 @\$200, value and pipe repairs \$15,000, meters \$7,500, hydrant painting \$13,000, and locator @\$3,000 |
| 51-300-5100 | PROFESSIONAL SERVICES | 27,525 | 30,000 | 80,000 | Scada System and Leak Detection & GIS mapping, \$20,000 reservoir cleaning & televising |
| 51-300-5101 | AUDIT | 4,124 | 4,180 | 3,191 | Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 51-300-5200 | POSTAGE | 2,286 | 3,100 | 3,100 | postage changed to postcards new rate increase of \$0.01 or 3% |
| 51-300-5221 | PRINTING | 387 | 50 | - | Consumer Confidence Report posted on web and journal |

Water Fund Budget (continued)

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|-------------------------------------|------------------------------------|-------------------|--------------------------|--------------------|---|
| 51-300-5222 | LEGAL NOTICES | 1,363 | 1,500 | 1,500 | CCR Publishing |
| 51-300-5310 | MEMBERSHIPS | 792 | 1,000 | 1,000 | Sean, Jim, and Joe certification |
| 51-300-5330 | TRAINING | 2,145 | 3,050 | 3,050 | Water licensing training 3 employees \$1,950, IL American Water Works Training Seminar \$500, Confined space training \$600 for 3 employees |
| 51-300-5401 | SERVICE CHARGES | 181,605 | 172,000 | 178,000 | Based upon actual hours of PW employees |
| 51-300-5410 | UTILITIES | 12,633 | 20,000 | 20,000 | Adjusted for electric and gas savings |
| 51-300-5412 | WATER | 247,494 | 250,000 | 291,310 | amount per water study |
| 51-300-5430 | CREDIT CARD & BANK CHARGES | 1,813 | 2,500 | 2,500 | Loan Fees & Credit Card fees more residents using credit cards |
| 51-300-5500 | LIABILITY INSURANCE | 27,539 | 27,000 | 27,548 | Based upon building & equipment allocations |
| 51-300-5501 | INSURANCE DEDUCTIBLES | - | 2,500 | 2,500 | Same as last years budget |
| 51-300-5530 | WORKERS COMP INSURANCE | 4,401 | 4,650 | 4,717 | Allocation to Department based upon classification codes |
| 51-300-5710 | OPERATING SUPPLIES | 8,849 | 10,000 | 10,000 | Supplies |
| 51-300-5750 | CHEMICALS | 1,901 | 2,000 | 2,000 | Based upon current year actual projections |
| 51-300-5751 | GASOLINE | 2,380 | 2,500 | 2,500 | Based upon last years actuals |
| 51-300-7021 | RADIO EQUIPMENT | - | 1,500 | 800 | Radio equipment for 1 truck |
| 51-300-7025 | SOFTWARE | 7,250 | - | - | None anticipated |
| 51-400-6010 | INTEREST | 31,510 | 29,510 | 27,510 | Based upon actual GO Bond Certificate, Series 2010 |
| 51-600-8000 | DEPRECIATION | 117,833 | 117,833 | 118,000 | Calculated based upon infrastructure and equipment |
| Total Water Fund Expenses | | \$816,433 | \$840,730 | \$952,808 | |
| Water Fund Net Income (Loss) | | \$(32,654) | \$(58,704) | \$(138,615) | |

Parking Fund

The Parking Fund was established as an enterprise fund to track the revenues and expenses associated with operating and maintaining the Metra parking lot located on Wolf Road.

Expenses recorded in the Parking Fund include supplies, maintenance, insurance, depreciation, utilities, reimbursement to the General Fund for staffing (accounting, public works, pay box collections, etc.), and the Commonwealth Edison lease for the land that the parking lot was constructed on.

Due to its low utilization rate, the Parking Fund continues to be unable to support its related costs of operation. The Parking Fund is budgeted at a deficit for the year of \$33,242. The City cannot continue to subsidize this operation or future large-scale maintenance; therefore, the City will continue working with both Metra regarding the future of the lot and with ComEd to contain any property lease increases.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|-------------------|--------------------------|-------------------|--|
| 52-100-3330 | PARKING FEES | \$65,749 | \$64,000 | \$64,000 | Flat |
| 52-100-3800 | INTEREST INCOME | 3 | - | - | |
| | Total Revenues | \$65,752 | \$64,000 | \$64,000 | |
| 52-300-5100 | PROFESSIONAL SERVICES | \$850 | \$1,000 | \$1,000 | Fire & safety inspections |
| 52-300-5101 | AUDIT | 1,151 | 1,300 | 1,736 | Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds |
| 52-300-5401 | SERVICE CHARGE - GENERAL FUND | 28,597 | 30,000 | 23,000 | Based upon actual hours of PW employees |
| 52-300-5410 | UTILITIES | 8,812 | 11,000 | 11,000 | Electric & gas |
| 52-300-5500 | LIABILITY INSURANCE | 3,912 | 4,000 | 4,557 | Metra Station |
| 52-300-5501 | INSURANCE DEDUCTIBLES | - | 2,500 | 2,500 | 1 occurrence |
| 52-300-5511 | FACILITY RENT | 17,985 | 17,563 | 18,563 | New Lease amount |
| 52-300-5632 | ICE CONTROL MAINTENANCE | - | 500 | 500 | Salting of station |
| 52-300-5710 | OPERATING SUPPLIES | 674 | 2,000 | 2,000 | Bulbs, locks, cleaning supplies |
| 52-300-5970 | REFUNDS | - | 105 | 250 | Parking fee refunds |
| 52-300-7020 | EQUIPMENT | 17,814 | - | - | None anticipated |
| 52-600-8000 | DEPRECIATION | 32,136 | 32,136 | 32,136 | Based upon building and infrastructure values |
| | Total Expenses | \$111,931 | \$102,104 | \$97,242 | |
| | Total Parking Fund | \$146,179) | \$(38,104) | \$(33,242) | |

Section 11

Fiduciary Funds
Police Pension



Police Pension Fund

The Police Pension Fund provides retirement, disability and survivor benefits for all sworn police personnel. The defined benefit plan is in conformance with Illinois State Statutes under the oversight of the Illinois Division of Insurance. Standards have been established regarding investment returns and salary increases in order to actuarially determine annual employer contribution levels.

Revenues:

- The City has budgeted for a contribution amount of \$703,544 based upon actuarial assumptions. Approximately 39.51% or \$278,000 of the City's contribution will be funded by police pension property tax receipts, with the balance provided by other General Fund revenues.

- Police officers contribute 9.91% of their base wage and any longevity pay to their pension
- Interest earnings/investment returns were budgeted at a 5% rate of return.

Expenses

- The disability expenses reflects the prior year number of officers that have claimed and been approved for disability. There are currently three officers receiving disability; of which two are duty-related and one is non-duty related.
- The pension payments are for the City's two retirees from the police department and a one-time payout to an employee that left the City.

| General Ledger # | General Ledger Account Description | Actuals 2013-2014 | Amended Budget 2014-2015 | Budget 2015-2016 | Description |
|------------------|------------------------------------|---------------------|--------------------------|--------------------|--|
| 71-100-3000 | REAL ESTATE TAXES | \$ 272,969 | \$276,000 | \$278,000 | Per Tax Levy |
| 71-100-3800 | INTEREST INCOME | 203,230 | 243,574 | 243,574 | Invest R of R by Actuary was 7%, City chose to budget is 5% |
| 71-100-3801 | NET APPRECIATION - FV INV | 553,743 | 299,992 | - | None anticipated - conservative |
| 71-100-3850 | CITY CONTRIBUTION | 347,021 | 387,243 | 425,544 | Per Actuarial Calculations plus 3% |
| 71-100-3861 | EMPLOYEE CONTRIBUTION | 174,110 | 164,586 | 231,219 | 9.991% of Officer's Pensionable Salary |
| 71-100-3899 | MISCELLANEOUS INCOME | 270 | - | - | |
| | Total Revenues | \$ 1,551,343 | \$1,371,395 | \$1,178,337 | |
| 71-300-4232 | DISABILITY BENEFITS | \$ 105,273 | \$113,169 | \$116,564 | Two officers and one non-duty officer |
| 71-300-4233 | PENSION PAYMENTS | 168,741 | 180,061 | 189,579 | Last yr included a 1 time payout for police officer- 2 retiree's |
| 71-300-4234 | PENSION INCOME REINVEST | 17,208 | - | - | None projected |
| 71-300-5100 | PROFESSIONAL SERVICES | 19,035 | 32,500 | 32,500 | Auditor, Actuarial Report, Legal Service Conference |
| 71-300-5107 | INVESTMENT EXPENSE | 22,647 | 16,000 | 22,647 | Based upon last year actuals |
| 71-300-5331 | CONFERENCES | 2,096 | 2,500 | 2,500 | Officer's attendance at conferences |
| 71-300-5440 | STATE FILING FEE | - | 2,500 | 2,500 | Annual Report to Illinois Department of Insurance |
| 71-300-5971 | REFUNDS/TRANSFER CONTRIB | - | 300,000 | - | None anticipated - conservative |
| | Total Expenses | \$ 335,001 | \$646,730 | \$366,290 | |
| | Total Police Pension | \$1,216,342 | \$724,665 | \$812,047 | |

Section 12

Capital Improvement Plan

Administration

Building & Zoning

Public Works

Public Safety



Capital Improvement Plan 2015/2016 – 2019/2020

INTRODUCTION

Like most communities, the City of Prospect Heights does not have sufficient funds to accomplish all of the infrastructure and public improvement projects required by a growing community. The City of Prospect Heights is faced with the universal dilemma of attempting to meet the needs of its residents for improved public services and facilities with limited revenues, coupled with the continued increase of costs for providing these same requested services and facilities. This situation is further compounded by the non-Home Rule status of the City where there are no property taxes.

In an effort to meet this challenge, the City of Prospect Heights has developed an objective and uniform method of establishing project priorities and identifying the amount and source of funds available to undertake these capital projects. The City is also charged with the responsibility of insuring that the public funds are spent wisely and efficiently. A Capital Improvement Program (CIP) is the process best suited to assist the Mayor and City Council in accomplishing this objective.

Among the primary responsibilities of municipal officials is to preserve, maintain, and improve the City's inventory of buildings, streets, parks, and water and sewer facilities. Capital Improvement Planning is recognized as a practical financial management tool and a necessary planning practice. Maintenance and upkeep of facilities today may prevent emergency and major replacement costs tomorrow.

Equally important, communities that are seeking to attract business investment to guarantee a balanced and stable economic base recognize that a carefully-planned infrastructure program is critical to this effort. In conjunction with the Prospect Heights Comprehensive Plan Update, Water Master Plan, Sewer Master Plan and Stormsewer Master Plan the CIP brings all these together and promotes new investment in locations that can accommodate development with quality systems and services.

As presented, the FY2015/2016 – FY2019/2020 CIP attempts to balance the competing needs of maintaining existing facilities (i.e., what we have) with expanded and/or new facilities to meet present and future needs (i.e., what we need). This process also aids in distinguishing a “want” from a “need”.

WHAT ARE CAPITAL IMPROVEMENTS?

Capital Improvements are, basically, public improvements that meet a set of pre-determined criteria. They represent projects involving the expenditure of public funds, over and above annual operating expenses, for the purchase, construction, or replacement of physical facilities of a community. Examples include:

- Streets/Roads/Sidewalks
- Public Buildings and Facilities
- Water Treatment/Pump House
- Parks
- Water & Sanitary Sewer Systems

Capital Improvement Plan 2015/2016 – 2019/2020 (Continued)

WHAT ARE THE GENERAL CHARACTERISTICS OF CAPITAL IMPROVEMENTS?

1. They are large in scope.
2. They have a substantial price tag.
3. They have long-term usefulness and permanence (10-30 years).
4. They involve expenditures of a non-recurring nature (The routine maintenance of a facility once in place become part of the annual operating budget).
5. They usually provide a governmental facility for public service.
6. They add substantially to the value of the City's fixed assets.

Although some characteristics are common in communities, the actual types of projects included in the CIP vary from place to place. For example, The City of Prospect Heights has chosen to include major replacement projects. The City has chosen to follow its Capital Asset Policy and include assets that follow the policy threshold.

| | |
|-----------------------------|-----------|
| 1. Road & Bridges | \$200,000 |
| 2. Land | \$ 50,000 |
| 3. Buildings & Improvements | \$ 50,000 |
| 4. Machinery & Equipment | \$ 20,000 |
| 5. Vehicles | \$ 10,000 |
| 6. Water & Sewer mains | \$ 10,000 |
| 7. Sidewalks/Paths | \$ 50,000 |

This is common practice in smaller municipalities with a limited budget. Any projects below this amount will be incorporated into the departmental budgets as part of our Annual Budget Review and Workshop.

WHAT IS CAPITAL IMPROVEMENT PLANNING?

Capital improvement planning is the multi-year preparation, scheduling and updating of a list of proposed projects and related equipment to be built or purchased by the City within a specified period. It covers the entire gamut of public facility and service requirements. The program lists all future projects, the project type and the amount requested to be appropriated and expended in that year. Also included is an explanation of why the project is needed and the proposed funding sources.

Capital Improvement Plan 2015/2016 – 2019/2020 (Continued)

THE CAPITAL BUDGET YEAR

The first year of scheduled projects is referred to as the “capital budget year” and includes those projects recommended to be funded in the upcoming fiscal year. The CIP does not in and of itself, raise money for capital projects. Instead, these projects will subsequently be included in the Fiscal Year 2015-2016 Budget submitted to the Council for their review and approval.

PROGRAMMING PERIOD

The Capital Improvement Budget is a multi-year short and long range plan for the physical development and links the City’s Comprehensive Plan as well as other planning documents with the annual budget. It provides a mechanism for:

- Estimating capital requirements
- Proposing revenue sources for existing and needed projects
- Planning, scheduling and implementing projects
- Coordinating the activities for various department project schedules
- Monitoring and evaluating the progress of the capital projects

The CIP is a five year plan for project funding and is considered most suitable. Two or three years is too little time for effective planning, programing and funding as the processes take a large amount of time and coordination. In contrast, any time over five years is too long and may skew the numbers and accuracy of projections to the point of becoming obsolete or meaningless. The CIP is not static and should be reviewed and updated each year in conjunction with the budget process to reflect changing priorities, unexpected events, unforeseen opportunities, cost changes and alternate funding sources.

CIP PROCESS

During the month of December the City Administrator meets with the Departments Heads to conduct a review of requests for projects. The projects are then prioritized according to their perceived economic and operational value. The months of December and January are dedicated to the development of the Capital Budget document. Goals and policy recommendations, detailed project descriptions and 5-year budget estimates are developed for each of the categories. The budget estimates are then allocated to the appropriate funding source-General Fund, Water Fund, MFT Fund etc. The CIP document is then given to the City Council in January for their review and consideration and discussed at greater length at the Annual Budget Workshop Meeting along with the City Budget.

The entire CIP process ensures that the projects reflect community-wide goals and identified the resources available. It requires the collective overview of projects as opposed to singularly to determine their value to the community. This type of advanced programming can help avoid mistakes that can be costly and duplications. The projects in the CIP are prioritized in part, on the basis of the greatest benefit to the greatest number of City residents as opposed to usually narrower department objectives.

Capital Improvement Plan 2015/2016 – 2019/2020 (Continued)

Coordination of capital projects can reduce scheduling problems and overlapping projects. For example, it can prevent paving a street one year just to tear it up two years later to install a sewer. The CIP grants the opportunity to plan the location, timing and financing of improvements and reduces the frequency of unplanned and unbudgeted expenditures that can endanger the financial well-being of the City. Lastly, the CIP has a positive impact on the City's credit rating and makes the community more attractive to business and industry. It also improves the City's chances of obtaining grant funds through documentation of projects as officially identified community needs.

CIP REVENUE

CIP revenues are dependent on and susceptible to unforeseen and external factors over which the City has no control. In earlier year 2008-2010, the recession and economic factors presented the City with great budgetary challenges in revenue and limited the ability to address any capital needs. The current down trend in housing development and business has given the City a significant increase in foreclosures and vacant businesses.

CIP funds typically invest their cash balances until needed by applicable projects. The short-term interest rates continue to be adversely influenced by the Federal Reserve Rate and offer minimal rates of return at this point. The City currently holds its long term funds in the IMET funds earning a .37% rate of return.

The CIP process will prove to be a vital planning tool for the City generating substantial benefits by prioritization and completing projects using the City's limited resources, without the need to use other financial bases such as bonds.

As with the City's operating budget, CIP expenditures are delayed until the associated revenues are available or their receipt is imminent. It is in part for this reason (i.e. the failure to receive pledged or anticipated funds) that some projects will be unable to be completed in their entirety. However, there may be instances when delinquent funds will arrive and the project can be completed the following fiscal year when funds become available. There may be external factors, such as state and federal approval processes (i.e. grants), that may delay a project.

Existing fund balances consisting of revenues carried over from the previous year combined with current year revenues will provide the necessary funding for the City's comprehensive FY 2015-16 Capital Improvement Program. It is important to remember that some of these funds are specifically earmarked by state statute (i.e. grant funds, MFT funds etc.), or other regulations that restrict their use to a defined purpose (i.e. bond proceeds).

Capital Improvement Plan 2015/2016 – 2019/2020 (Continued)

The City of Prospect Heights detailed Capital Improvement Plan by department are detailed below:

ADMINISTRATION

Assigned Reserve Amount

| Project Type | Anticipated Replacement Cost | Priority Ranking | Expensed in FY2015-16 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Total | Description |
|---|------------------------------|------------------|-----------------------|------------|------------|------------|------------|------------|-------|-------------|
| Beginning Assigned Balance Administration | | | | \$10,000 | \$20,000 | \$- | \$- | | \$- | |

| | | | | | | | | | | |
|--|------------------|---|------------------|-----------------|-----------------|--|--|--|-------------|------------------------------------|
| Facility-City Hall Drainage Project (Council Chambers) | \$4,000 | A | | | | | | | \$4,000 | Patching |
| Facility-City Hall Parking Lot-repair/replace/brick pavers | \$118,000 | A | | | | | | | \$118,000 | Parking Lot & Brick Pavers |
| Facility-City Hall Improvements | \$50,000 | A | | \$10,000 | \$10,000 | | | | \$30,000 | Carpeting, painting, miscellaneous |
| Facility-Parking Lot Camp McDonald | \$200,000 | A | \$200,000 | | | | | | \$200,000 | Leak |
| Expense - Hall Improvements | | | | | \$(30,000) | | | | \$(148,000) | Carpeting, painting, miscellaneous |
| Expense - Foundation Repair | | | | | | | | | \$(4,000) | |
| Expense - Parking Lot | | | | \$(200,000) | | | | | \$(200,000) | |
| TOTAL | \$372,000 | | \$200,000 | \$10,000 | \$40,000 | | | | | |

BUILDING & DEVELOPMENT

Assigned Reserve Amount

| Project Type | Anticipated Replacement Cost | Priority Ranking | Expensed in FY2015-16 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Total | Description |
|----------------------------|------------------------------|------------------|-----------------------|------------|------------|------------|------------|------------|---------|-------------|
| Beginning Assigned Balance | | | | \$8,000 | \$16,000 | \$24,000 | \$32,000 | \$- | \$8,000 | |

| | | | | | | | | | | |
|-------------------------------|------------------|---|--|----------------|----------------|----------------|------------|----------------|-----------------|-------------|
| Vehicle - Replacement/upgrade | \$ 28,000 | B | | \$8,000 | \$8,000 | \$8,000 | | \$8,000 | \$40,000 | New vehicle |
| Expense | | | | | | | \$(32,000) | | | New vehicle |
| TOTAL | \$ 28,000 | | | \$8,000 | \$8,000 | \$8,000 | \$0 | \$8,000 | \$40,000 | |

Capital Improvement Plan 2015/2016 – 2019/2020 (Continued)

| | | Assigned Reserve Amount | | | | | | | | | |
|---------------------------------|----------------------------|------------------------------|------------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | Anticipated Replacement Cost | Priority Ranking | Expensed in FY2015-16 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Total | Description |
| PUBLIC WORKS (continued) | | | | | | | | | | | |
| | Expensed Lighting | | | | \$- | \$(100,000) | \$(100,000) | \$(100,000) | \$- | \$(400,000) | |
| | Expensed Equipment/Vehicle | | | | \$(60,000) | \$(175,000) | \$(39,000) | | | \$(374,000) | |
| | Expensed Salt Dome | | | | | \$(150,000) | | | | \$(150,000) | |
| TOTAL | | \$27,770,000 | | \$766,000 | \$1,483,000 | \$1,365,000 | \$1,306,000 | \$995,000 | \$1,015,000 | \$8,689,000 | |

| | | Assigned Reserve Amount | | | | | | | | |
|----------------------------|--|-------------------------|-----------------------|------------|------------|------------|------------|------------|-------------|-------------|
| Project Type | Anticipated Replacement Cost | Priority Ranking | Expensed in FY2015-16 | FY2015-16 | FY2016-17 | FY2017-18 | FY2018-19 | FY2019-20 | Total | Description |
| PUBLIC SAFETY | | | | | | | | | | |
| | Beginning Assigned Balance | | | \$289,354 | \$296,154 | \$302,954 | \$309,754 | \$316,554 | \$323,354 | |
| | Technology - 2 computer servers (\$17,000 each) | A | | \$6,800 | \$6,800 | \$6,800 | \$6,800 | \$6,800 | \$34,000 | |
| | Vehicles - 2 per year replacements/with Light Bars | A | | \$85,000 | \$85,000 | \$85,000 | \$85,000 | \$85,000 | \$510,000 | |
| | Building Improvements: Parking Structure | A | | | | | | | \$200,000 | |
| | Building Improvements: Repair/replace parking lot | A | | | | | | | \$115,000 | |
| | Expensed | | | \$(85,000) | \$(85,000) | \$(85,000) | \$(85,000) | \$(85,000) | \$(821,000) | |
| TOTAL PUBLIC SAFETY | | | \$375,000 | \$371,500 | \$6,800 | \$6,800 | \$6,800 | \$6,800 | \$3,300 | \$33,000 |