

City of Prospect Heights, Illinois

Comprehensive Annual Financial Report

Year End April 30, 2016



Prepared By:
The Finance Department

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF PROSPECT HEIGHTS, ILLINOIS**
As of and for the Year Ended April 30, 2016

Prepared by:

Finance Department

CITY OF PROSPECT HEIGHTS

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October 25, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the City of Prospect Heights (City) for the year ended April 30, 2016 is hereby submitted as required by the Illinois Compiled Statutes. State law requires that the City issue annually a report on its financial position and activity that is audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the City of Prospect Heights. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Prospect Heights' financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Baker Tilly Virchow Krause, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Prospect Heights for the fiscal year ended April 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended April 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report, located on pages 1-3, is presented as the first component of the financial section of this report.

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



Profile of the City of Prospect Heights

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

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

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

Local Economy: There are a number of factors that influence the economy of a specific community and various measures are used to gauge the economic outlook. Perhaps four of the most objective measures are the level of retail sales, the employment level of the community, income levels in the community, and building activity. In Illinois, sales taxes are allocated based upon the point-of-sale, and, accordingly, represent the sales in the community. Total sales tax receipts for the calendar year ended December 31, 2015 were \$859,695 compared to \$970,118 for the previous year, a decrease of 11.39% which is related to the food category and the closing of Ultra Foods. Since the City's portion of sales tax receipts is based on a 1% tax rate, these receipts represent total retail sales of approximately \$82.97 million for 2015.

The City of Prospect Heights' average unemployment rate for calendar year 2015 was 5.7%, which was 6.56% lower than the 6.1% average rate for the state. The City of Prospect Heights had a median family income of \$62,013, as of the 2010-14 Census, which was 8.48% higher than the State of Illinois average and 8.87% greater than the national average.



For fiscal year 2016, the City issued 559 construction permits (residential and commercial) valued at \$32 million, as compared to 471 permits the previous year with a value of \$18.9 million. The City is an established community with limited available open space for either residential or commercial development. Historically, residential permit activity has focused on remodeling or the tear-down and reconstruction of existing homes, which has declined considerably due to the current economic environment. Commercial permit activity has been limited to redevelopment of existing business locations, with the occasional development of vacant land. Areas experiencing redevelopment at present include a 102 assisted living facility, a 700 unit storage facility and a bank. These developments will provide a one-time increase in permit fees and other revenues.

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

The City's primary focus has been on stabilizing its operating budget. On the revenue side, the City has implemented fee increases, instituted a Places for Eating tax, increased enforcement and collection of existing revenues, and researched and compiled a database of revenue streams available to or in use by non-home rule municipalities in Illinois. On the expense side, personnel costs represent the single largest operating expense. In FY2016, the City maintained the same staffing as the prior year with no increases. The City continues to utilize outside contractors for engineering and inspection services.

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



Major Initiatives

Following directives of the City Council and City Administrator, staff was involved in a variety of projects throughout the year. During fiscal year 2016, the City's resources were focused on these major priorities, with specific accomplishments:

- 1) Maintaining operational efficiency and current service levels
 - a) Absorbed the Old Town Sanitary District which was dissolved in July 2015. A customer base was established based upon Cook County tax documents.
 - b) Prepared first billing in January 2016 for sanitary sewer customers.
 - c) Reconfigured the City website to effectively communicate with our residents, organize the information in a systematic, user-friendly and more professional format, improve site-map and navigation and make the website more attractive.
 - d) Utilized a Water Rate Study by Baxter Woodman to provide the City guidance as to determining rates which best support the current expenditures and capital reserve requirements.
 - e) Obtained Tree City USA designation for the 18th consecutive year and the Tree City USA Growth Award for the 17th consecutive year.
 - f) Continued its strong relationship and agreement with Wheeling for sharing of sales tax revenues.
 - g) Maintained a fully staffed Police Department.
 - h) Continued the Citizen's Police Academy (CPA) program where citizens can volunteer and receive training to work at the front desk of the Police Department.
 - i) Added a public works ticket module to the accounting software completing the City's automation of its cash receipting procedures, water billing, journal entries, reporting program and thus improving internal controls.
 - j) Upgraded our vehicle sticker program and water billing system by utilizing a bar scanning system providing the City with employee time and supply savings.
 - k) Encouraged on-line payments through Payment Service Network, Inc. which now allows the City to accept payments for water bills, vehicle stickers, ordinance violations, parking fines, pet licenses, red light violations, rental inspections, amusement tax, hotel taxes and places for eating tax.
 - l) The first Emergency Operations Plan (EOP) for the City is under review by Cook County and was approved in 2015.
 - m) Updated the City's Snow Operations and Emergency plans, provided training and upgrading of vehicles for winter which proved beneficial during one of the roughest winters.
- 2) Capital and infrastructure improvements
 - a) Completed the Public Works facility expansion allowing for storage of public works vehicles and equipment in one location.
 - b) Acquired four new police cars upgrading existing inventory.
 - c) Purchased and demolished a home to create more parking for local businesses.
 - d) Resurfaced both the Police and City Hall parking lots.



- e) Continued work on drainage improvements throughout the City to improve flooding in residential areas.
 - f) Continued the upgrading of department computers and software.
 - g) Participated in the Safe Routes to School program and completed work on a Willow Road sidewalk allowing students to walk to school safely.
 - h) Reviewed flood fighting plans for Levee 37 as requested by the IDNR with Mount Prospect after the DesPlaines River reached record highs.
 - i) Received confirmation that the Willow Road flood mitigation project will be part of the Phase II Stormwater Management Program Local Assistance Projects of the MWRDGC.
- 3) Promote Commercial and/or Retail Development
- a) Completed the process to update the Comprehensive Plan after receiving a CMAP grant to cover the cost. The new plan based upon community input through public workshops and community meetings and was approved and a new strategic initiative committee was established to assist in the implementation of the plan.
 - b) Established a beautification program for the Tourism Zone to enhance the area to encourage and promote hospitality-related businesses and provided additional police protection to the area, thereby increasing hotel and sales tax revenues.
 - c) Opened several new businesses:
 - i) Prospect Heights Ramada – Hotel
 - ii) Stella’s Place – Bistro and video gaming establishment
 - iii) Ruffolo Fresh Market – Grocery store
 - iv) Jin 28 – Restaurant
 - v) El Paisa Alegre II - Restaurant
 - vi) Tony’s Finer Foods – Grocery store
 - vii) Quality Truck and Reefer Repair – Truck Repair
 - d) Continued working with owners of local shopping center to bring new businesses/retailers to the vacant storefronts in the shopping center.
- 4) Service initiatives, both internal and external
- a) Continued participation in and worked jointly with federal and other local governments on the construction of Levee 37 for flood management of the Des Plaines River along Milwaukee Avenue and River Road. Final completion of this project is pending completion of the wall and the installation of a valve.
 - b) Reviewed all tax levy amounts for Special Service Areas 1 to 5 and 8 and established amounts which were more in-line with expenses and assisted in the payment of amounts owed to the General Fund.
 - c) Continued operating the Police Department offices seven days a week.
 - d) Continued waste recycling programs for compact fluorescent light bulbs, pharmaceuticals, and sharps disposal.
 - e) Continued Photo Enforcement (Red Speed) Traffic Camera implementation at Palatine Road and Milwaukee Avenue to improve safety at the intersection.

-v-



- f) Continued in-house adjudication process for municipal violations and photo enforcement citations.
 - g) Increased web-based payment options through a new vendor PSN.
 - h) Completed annual reporting requirements with IEPA for National Pollutant Discharge Elimination System (NPDES) permit and Community Rating System (CRS) programs.
 - i) Conducted televising of the sewer lines to assess the condition of the lines, reveal blockages, and show cracks or deterioration of pipes.
 - j) Continued the Government in Education Program in conjunction with Betsy Ross Elementary School and Omni Youth Services, which provides students insight into the inner workings of government by conducting mock Council Meetings.
- 5) Improve financial reporting and oversight
- a) Upgraded and added modules in the accounting system streamlining the accounts receivable, accounts payable, vehicle sticker, water billing, and reporting processes.
 - b) Followed the newly implemented GASB 54 Policy – A Fund Balance Policy intended to provide guidelines to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. Adjustments to fund balance reserve requirements were not required.
 - c) Implemented the new GASB 68 Policy - Accounting and Reporting of Police Pensions
 - d) Awarded, for the Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR), the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting. Further information regarding this award is provided under the *Awards* section later in this transmittal letter.
 - e) Approved the budget for fiscal year ending April 30, 2017 by the City Council and filed with the Cook County Clerk’s office on during the required time period.
 - f) Continued regular budgetary reviews to provide improved monitoring of the City’s financial position.
 - g) Implemented improved accounting procedures relative to purchasing, payroll, water billing and collections, accounts payable processing and approval, and cash receipts processing.
 - h) Complied with annual filing requirements under the Cook County Board of Commissioners Debt Disclosure Ordinance.
 - i) Complied with annual Continuing Disclosure Requirements under SEC Rule 15c2-12 for all applicable outstanding City debt issues.
- 6) Seek out funding sources for operations and capital improvements
- a) Applied for and received the following grants during the fiscal year:
 - i) Victims of Criminal Abuse (VOCA) grant,
 - ii) Ballistic Vest Grant,
 - iii) Tobacco Enforcement grant,
 - iv) Illinois Department of Transportation (STEP) grant related to funding expenses related to seatbelt and intoxicated motorist related violations,



- v) Transportation Enhancement Grant (ITEP) related to a new 1,622 foot Willow Road sidewalk that will link outlet sidewalks ultimately creating a fluid, connecting sidewalk system,
- vi) Northwest Municipal Conference (NWMC) Surface Transportation Program (STP) grant,
- vii) Justice Assistance Grant (JAG) - This grant was awarded to the police department to assist with criminal activity enforcements in targeted areas throughout the city.
- viii) Paperless Publishing Grant - for IPAD's. This private grant was awarded to the City of Prospect Heights for converting a paper reporting process into a paperless process.
- i) Safe Routes to School" grant of \$284,000 to assist in funding construction of sidewalks to three local area schools.
- ii) Tree City USA Grant - Funding awarded to the City to go towards the inventory, removal and planting of trees affected by EAB.
- b) Continued assignment of a police officer to Drug Enforcement Agency (DEA) Task Force. This assignment provides better safety service locally and regionally and provides the opportunity for the City to share in seizure proceeds. These proceeds, when received, are restricted in use for public safety.
- c) Continued collection program of unpaid parking tickets and photo enforcement citations, utilizing an outside collection agency. Approval for utilizing the Illinois Debt Recovery program was obtained and will begin May, 2014.

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

Awards:

- a) The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Prospect Heights for its comprehensive annual financial report for the year ended April 30, 2015. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Acknowledgements

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

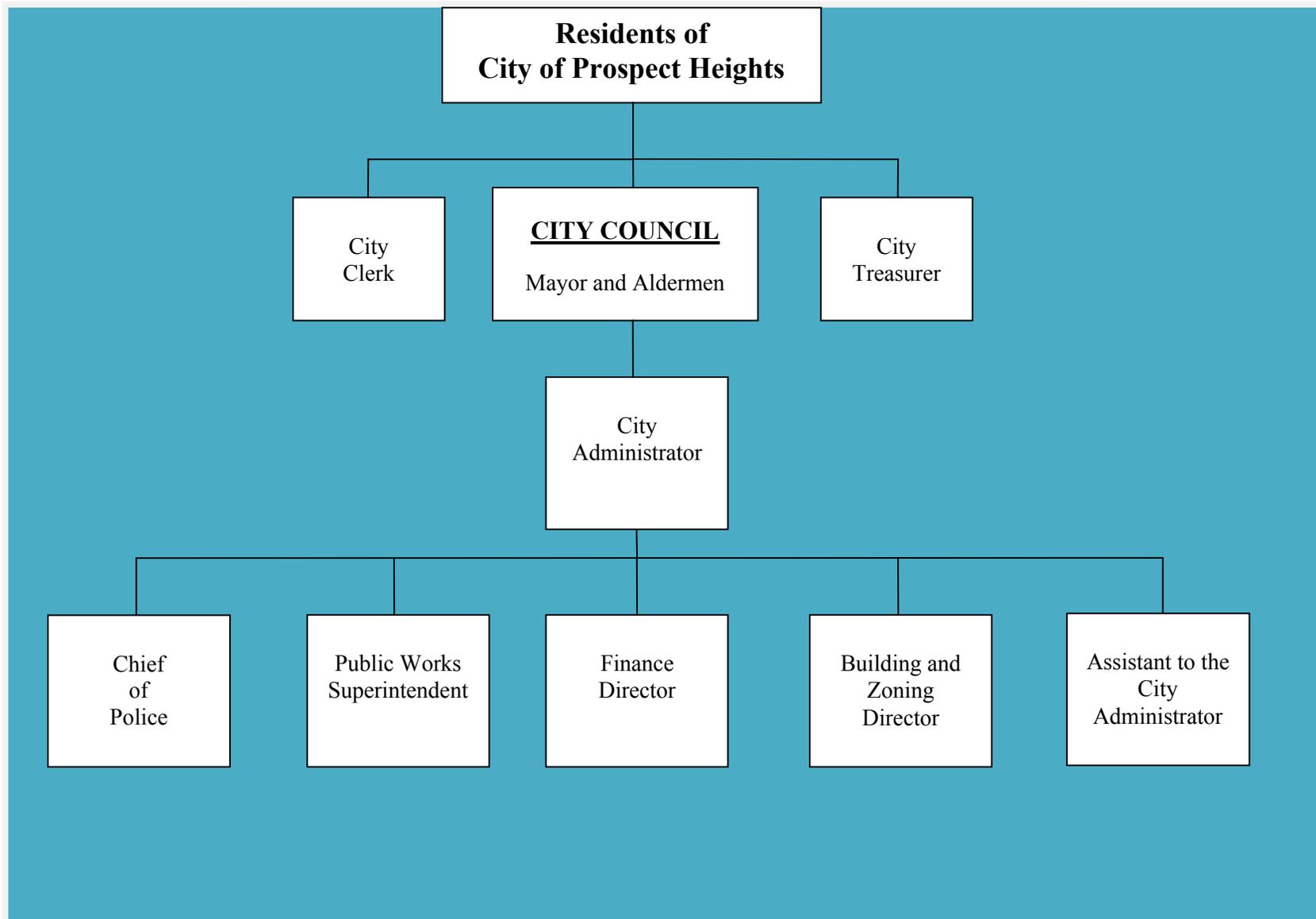
In closing, without the leadership and support of the Mayor and City Council, the preparation of this report would not have been possible.

Sincerely,

Stephanie L. Hannon

Stephanie Hannon
Finance Director

CITY OF PROSPECT HEIGHTS, ILLINOIS
Organizational Chart
April 30, 2016





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Prospect Heights
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prospect Heights, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Prospect Heights' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chicago Executive Airport, in which the City of Prospect Heights has an equity interest, representing 44 percent and 67 percent, respectively, of the assets and net position of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chicago Executive Airport, in which the City of Prospect Heights has an equity interest, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prospect Heights, Illinois, as of April 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Prospect Heights adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective May 1, 2015. Net position as of April 30, 2015 has been restated as a result. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

Baker Tilly Vuchow Krause, LLP

Oak Brook, Illinois
October 25, 2016

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

The City of Prospect Heights (the "City") Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Transmittal Letter, which can be found in the Introductory Section, and the City's financial statements and footnotes, immediately following this MD&A.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City's financial statements present two kinds of statements, each with a different snapshot of the City's finances. The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the City's accountability.

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The City of Prospect Heights' governmental activities include general government, public safety, public works and Chicago Executive Airport. The business-type activities include the Water Fund, Sewer Fund, and Parking Fund. The Police Pension Plan fiduciary activity is not available to fund City programs, and, therefore, is not included in the government-wide statements but is presented in this document at the end of the fund financial statements.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Unlike the government-wide financial statements, governmental fund financial information focuses on the near-term flow of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliation, on the page following each statement, to facilitate the comparison between governmental funds and governmental activities. Beginning in FY2015, the City began including the Chicago Executive Airport as a governmental fund. In prior years, it was included as a separate propriety fund. *The basic governmental funds financial statements can be found beginning on page 22 of this report.*

The City of Prospect Heights has 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for the General, Special Service Area #8, Palatine/Milwaukee TIF, Road Construction Debt, and Development funds because they are major funds, either by definition or through designation by the City. Major funds are defined as those governmental or enterprise funds whose total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the totals for all funds of that category (governmental or enterprise) and at least 5% of the combined totals for governmental and enterprise funds. The remaining eleven funds' data is combined into a single column labeled "nonmajor governmental funds." *Individual fund data for these nonmajor governmental funds is presented beginning on page 91 of this report.*

Proprietary Funds

There are two categories of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has three enterprise funds, the Water Fund, Sewer Fund and the Parking Fund. The City included the Airport Fund as separate propriety fund in prior years, the City now includes the Chicago Executive Airport as an asset in governmental activities. *Financial activity of the City's enterprise funds is shown in more detail than the government-wide financial statements and can be found beginning on page 28 of this report.*

Fiduciary Funds

The Police Pension Fund is the City's only fiduciary fund. This fiduciary fund is not reflected in the government-wide financial statements because its resources are not available to support the City's programs, but are used to account for resources held for the benefit of the eligible police officers. The accounting used for fiduciary funds is similar to that used for proprietary funds. *The Police Pension fund financial statements can be found beginning on page 33 of this report.*

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and the fund financial statements. *The notes are preceded by an index which begins on page 35 of this report.*

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Other Information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's funding of pension and other postemployment benefit obligations to its employees and budget information. *Required supplementary information can be found beginning on page 83 of this report.*

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The City's net position as of April 30, 2016 was \$73,235,715, which represents an increase of \$795,369 as compared to the restated April 30, 2015 amounts. The City's net position from governmental activities increased by \$576,227 and net position from business-type activities increased by \$219,142 based upon restated FY2015 balances. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2016 compared to April 30, 2015. *More detailed information can be found in the Statement of Net Position on page 19.*

Table 1: Comparative Summary Statements of Net Position as of April 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 62,013,781	\$ 68,827,135	\$ 1,776,891	\$ 1,445,841	\$ 63,790,672	\$ 70,272,976
Capital assets	33,437,678	32,975,999	4,233,729	4,331,285	37,671,407	37,307,284
Total Assets	95,451,459	101,803,134	6,010,620	5,777,126	101,462,079	107,580,260
Deferred outflows of resources						
	2,934,456	151,595	66,689	3,172	3,001,145	154,767
Liabilities						
Current liabilities	742,375	1,291,457	127,485	113,427	869,860	1,404,884
Noncurrent liabilities	27,910,839	31,956,732	689,494	625,683	28,600,333	32,582,415
Total Liabilities	28,653,214	33,248,189	816,979	739,110	29,470,193	33,987,299
Deferred inflows of resources						
	1,757,316	1,307,382	-	-	1,757,316	1,307,382
Net Position						
Net investment in capital assets	17,523,954	16,150,710	3,668,729	3,716,285	21,192,683	19,866,995
Restricted net position	2,391,930	3,764,297	-	-	2,391,930	3,764,297
Unrestricted net position	48,059,501	47,484,151	1,591,601	1,324,903	49,651,102	48,809,054
Total Net Position	\$ 67,975,385	\$ 67,399,158	\$ 5,260,330	\$ 5,041,188	\$ 73,235,715	\$ 72,440,346

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Normal Impacts on Net Position

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

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

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

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

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

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

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

Current Year Impacts on Net Position

Governmental Activities

For fiscal year 2016, governmental activities net position totaled \$67,975,385 reflecting an increase of \$576,227 over the prior fiscal year. Governmental activities total assets decreased \$6,351,675, and governmental activities total liabilities decreased \$4,594,975.

The \$6,351,675 decrease in total assets resulted from a \$6,813,354 decrease in current and other assets and a \$461,679 increase in capital assets. The increase in capital assets reflects the addition drainage improvements being initiated through the road program, gun range for the police department, public works addition, and construction of a new municipal parking lot. Changes in the remaining items within current and other assets include a \$6,172,768 a decrease in cash and investments related to the City's payment of the outstanding Development Fund debt of \$4,700,000, decrease in the Airport Joint Venture investment of \$661,580 attributable to depreciation of capital assets, and capital asset additions of \$2,055,305 offset by slight increases in other taxes of \$56,702 and Accounts of \$85,872.

Most of the governmental funds experienced increases in their cash position as a result of budget surpluses. Notable exceptions include the Palatine/Milwaukee TIF, Development Fund, DEA Seizure Fund, Tourism District, SSA #1, SSA #3, SSA #5, SSA #6 Construction Fund and the Road Construction Fund, which experienced decreases in their cash position. The General fund, which provides the majority of City services, experienced a \$4,340,005 decrease in its cash position. This decrease resulted from the payment of the Development Fund debt. The decreases in the cash position in the other funds reflect the planned use of accumulated fund balances in the SSA accounts and to help promote hospitality-related businesses, stormwater management projects, beautification and additional police protection to the area in the Tourism District. Other decreases in funds were for drainage improvements paid through the Road Construction Fund, beautification project located in the Tourism District, gun range purchased with DEA funds, and the public works addition paid through the Palatine/Milwaukee TIF Fund. Deferred outflows of resources related to pension of \$2,837,915 was recorded due to the implementation of GASB 68.

The \$4,594,975 decrease in total liabilities resulted from decreases of \$4,045,893 in noncurrent liabilities related to the Note Payable from the Development Fund for the debt paid off by the General Fund. The note payable to the General Fund is expected to be paid from the sale of the Arena land and any potential TIF revenues received when and if the property is sold in the next 3 years, \$472,720 in current accounts payable related completion of all large projects and payments before this fiscal year end, \$84,113 in accrued interest related to the payment of the Debt Certificates in the development fund and \$14,743 in unearned income. These decreases were offset by a decrease of \$16,217 in accrued payroll and \$6,277 in deposits. Deferred

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inflows of resources related to the creation of a net pension liability of \$429,471 was recorded due to the implementation of GASB 68.

Business-Type Activities

The business-type activities net position increased by \$219,142. Business-type activities total assets increased \$233,494, deferred outflow of resources related to pension increased by \$63,517, and total liabilities increased \$77,869. The increase in total assets includes a \$331,050 increase in current and other assets and a \$97,556 decrease in capital assets. The majority of the increase in current assets occurred in the Water Fund and reflects an increase in cash position due to water rate increases to add to reserve balances related to infrastructure improvements, the absorption of the Old Town Sanitary District by the City, and a decrease in expenses related to improved maintenance and less water leakage repairs. The City recorded a \$66,689 deferred outflow of resources related to the implementation of GASB 68. The \$77,869 increase in total liabilities includes a \$72,391 increase in current liabilities and a \$5,478 increase in noncurrent liabilities. The increase in noncurrent liabilities occurred in the Water Fund which is related to a payment of debt for the water main construction project.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Changes in Net Position

The City's combined change in net position for FY2016 was an increase of \$795,369. Governmental activities saw an increase in net position of \$576,227 in FY2016. Business-type activities saw an increase in net position of \$219,142 in FY2016. The table below shows the condensed revenues and expenses of the City's activities.

Table 2: Comparative Changes in Net Position as of April 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 3,275,918	\$ 2,986,006	\$ 1,197,053	\$ 839,893	\$ 4,472,971	\$ 3,825,899
Operating and capital grants	683,539	981,268	-	-	683,539	981,268
General Revenues						
Property taxes	2,840,100	3,160,113	-	-	2,840,100	3,160,113
All other taxes	5,305,277	5,461,833	-	-	5,305,277	5,461,833
Investment income	27,546	(166,558)	4,597	3,347	32,143	(163,211)
Other	(534,285)	445,951	(114)	638	(534,399)	446,589
Total revenues	11,598,095	12,868,613	1,201,536	843,878	12,799,631	13,712,491
Expenses						
General government	3,378,267	3,308,818	-	-	3,378,267	3,308,818
Public safety	4,903,945	4,638,103	-	-	4,903,945	4,638,103
Public works	2,359,857	2,464,382	-	-	2,359,857	2,464,382
Interest	663,219	796,754	-	-	663,219	796,754
Water	-	-	589,212	592,541	589,212	592,541
Sewer	-	-	39,291	-	39,291	-
Parking	-	-	70,471	67,552	70,471	67,552
Total expenses	11,305,288	11,208,057	698,974	660,093	12,004,262	11,868,150
Excess of revenues over expenses	292,807	1,660,556	502,562	183,785	795,369	1,844,341
Transfers	283,420	218,000	(283,420)	(218,000)	-	-
Change in net position	576,227	1,878,556	219,142	(34,215)	795,369	1,844,341
Net Position - May 1	\$ 67,399,158	\$ 72,121,869	\$ 5,041,188	\$ 5,132,914	\$ 72,440,346	\$ 77,254,783
Restatement	-	(6,601,267)	-	(57,511)	-	(6,658,778)
Net Position - April 30	\$ 67,975,385	\$ 67,399,158	\$ 5,260,330	\$ 5,041,188	\$ 73,235,715	\$ 79,099,124

The effect of the implementation of GASB 68 on FY2015 has been fully adjusted to beginning net position. If actuarial valuations were available for the year ended 4/30/15, adjustments to expense amounts may have been necessary to fully restate FY2015.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Normal Impacts on Revenues and Expenses

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

Revenues:

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

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

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

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

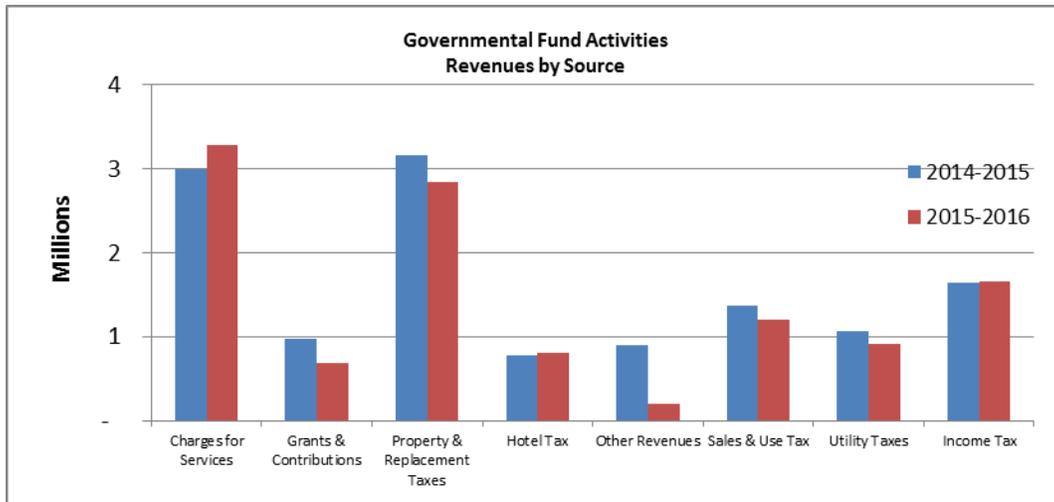
Expenses:

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

Increases/decreases in the number of authorized personnel – The City Council may authorize increases or decreases in staffing levels based upon program and service changes. Staffing costs (salary and related benefits) represent approximately 73.75% of the City’s General Fund operating costs.

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

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

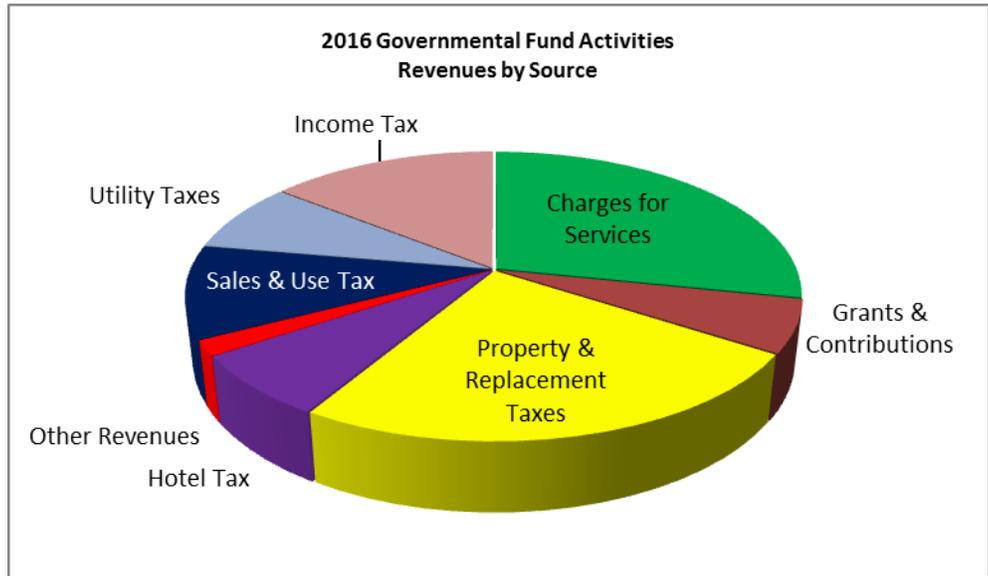


CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Current Year Impacts on Revenues and Expenses

Governmental Activities

Revenues:



For the fiscal year ended April 30, 2016, revenues from governmental activities totaled \$11,598,095 a decrease of \$1,270,518 or 9.87% from the prior fiscal year.

The City continues to receive the majority of its revenues from income taxes, sales and local use taxes, non-home rule sales taxes, telecommunications and utility taxes, and hotel and other taxes. In fiscal year 2016, these taxes generated a total of \$5,305,277 in revenue for the City, which represented 45.75% of all governmental activity revenues. For fiscal year 2016, these revenues experienced an overall decrease of \$156,556 or 2.87%. The decrease is related to a decrease in utility tax revenue related to elimination of home phone lines, warmer winter, and loss of Hardees restaurant and Ultra Foods grocery store. Most other tax revenues appear to have stabilized and are seeing positive growth after three years of steady decline. Revenue increases occurred in use tax, income tax, places for eating tax, Handle Tax – OTB, shared revenues, and gaming tax with a combined total increase in these revenues of \$152,643. The majority of these taxes are heavily dependent upon the state of the economy, including employment levels and the levels of expendable income for entertainment and extraneous purchases, as well as the City's population. As such, the City has experienced a slow and steady recovery in these revenues *Historical information on the individual tax revenues is presented in Tax Revenues by Source – Governmental Funds, located in the Statistical Section at the back of this report.*

The City generates program revenues via charges for services and operating and capital grants which is the largest revenue source. For fiscal year 2016, the total combined revenues generated by these sources were \$3,959,457 which accounted for 34.14% of total governmental activity revenue. For fiscal year 2016, charges for services generated \$3,275,918 in revenue and represented 28.25% of total governmental activity revenue. In FY2016, charges for services increased \$289,912 which reflects the increase building permits related to the Greenbrier Assisted Living Facility and home renovation permits which increased by 58%. Charges for services revenue includes licenses (vehicle, business, and liquor), permits for construction-related activity, code-related inspection fees, fines and forfeits, franchise fees, and other miscellaneous fees. As a non-home rule municipality, the City has limited authority on both the types of charges and related fees that it is able to impose. The majority of the City's current charges for services focus on construction and business-related activity and, as such, this revenue stream tends to follow the ebbs and flows of the economy.

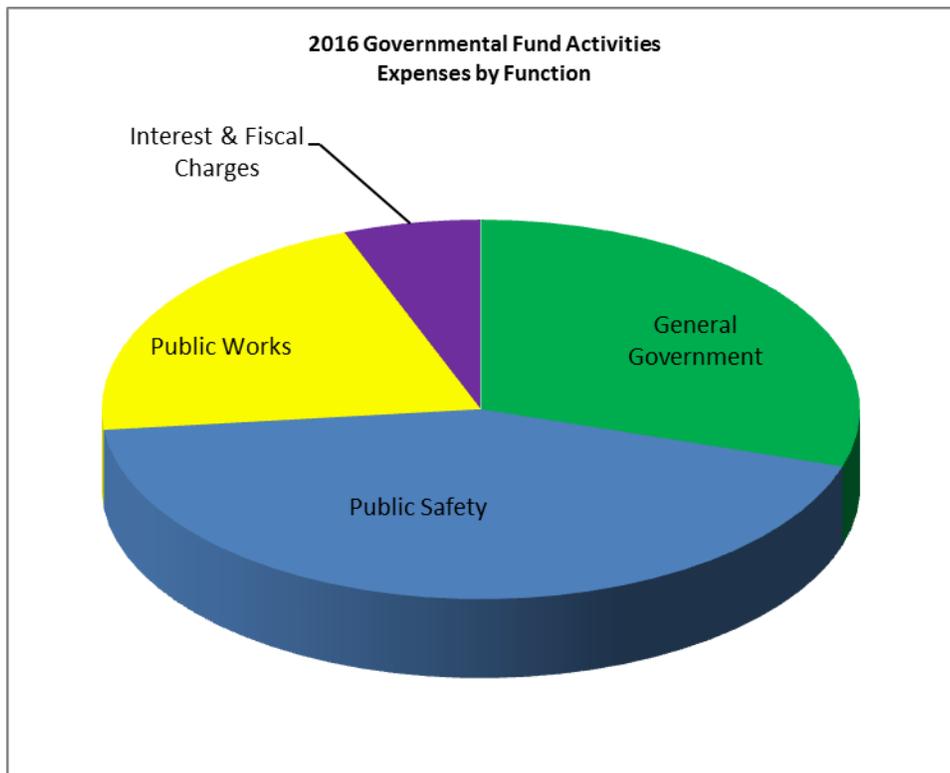
CITY OF PROSPECT HEIGHTS, ILLINOIS
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At \$2,840,100 and 24.49% of total revenues, property taxes comprise the second largest single source of governmental activity revenue for the City. The total property taxes received included \$2,535,588 of taxes levied by the City and \$304,512 in property tax increment revenue generated by the City's tax increment financing (TIF) districts. The levied property taxes received are restricted in their use, as follows: \$353,593 in taxes generated by six of the City's special service areas for sanitary system, storm water maintenance, and flood control, \$200,109 in taxes generated for Special Service Area Six debt service payments, \$1,336,718 for Road Construction debt, and \$289,940 in taxes generated to assist in funding the City's police pension obligation. In fiscal year 2016, property tax revenues decreased by \$320,013 mainly due to the loss of value in the TIF District and lower required Road Construction debt payments.

The operating and capital grants and contributions segment of program revenues includes the City's motor fuel tax allotment, grants for police operations and equipment, and shared revenues from DEA seizures. For fiscal year 2016, revenue derived from operating and capital grants totaled \$683,539 and represented 5.9% of total governmental activity revenue. Of this total, the City received \$415,810 from the motor fuel tax allotment, \$89,569 in police operating and equipment grants, \$50,837 in police contributions from DEA-shared revenues and \$127,323 in revenues reimbursed from various sources.

The remaining governmental activity revenues include investment income, joint venture – airport, and miscellaneous fees. For fiscal year 2016, these revenues totaled \$(534,285). A \$661,580 loss was realized related to the net change in investment for the joint venture – airport. The Airport improvements were considered construction in progress since they were not completed and expenses related to depreciable assets exceeded revenues. The loss was offset by investment income of \$27,546 and other miscellaneous income of \$127,295.

Expenses:



CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

For the fiscal year ended April 30, 2016, expenses from governmental activities totaled \$11,305,288, which represents an increase of \$97,231, or .86%, compared to the prior year.

Public safety represents the largest portion of governmental activity expenses. Public safety consists of the City's police department, including all related personnel, pension, training, supplies, and contractual services for the 911 emergency dispatch center. For fiscal year 2016, expenses for public safety were \$4,903,945 and represented 43.38% of total governmental activity expenses. Public safety expenses increased \$265,842 from the prior year which represents costs for an additional officer and an increase in the City's contribution to the police pension fund.

General government is the second largest category of governmental activity expenses. General government includes expenses for the City Council, City Clerk, administration, legal services, finance, engineering, building and zoning, Tourism Zone, liability insurance, utilities, and the solid waste program. For fiscal year 2016, expenses for general government were \$3,378,267 which represented 29.88% of total governmental activities expenses. General government expenses increased \$69,449 from the prior year, due to a beautification project in the tourism district.

Public works is the third major category of governmental activity expenses. Public works includes activity for streets, vehicles, sanitary sewers, storm water management and drainage, buildings and grounds, and forestry. For fiscal year 2016, expenses for public works totaled \$2,359,857 and represented 20.87% of total governmental activities expenses. The \$104,525 decrease in public works expenses from the prior year reflects decreases in drainage and road improvements and elimination of the public works director position.

Business-Type Activities

Revenues:

Total revenues for the City's business-type activities for fiscal year 2016 were \$1,201,536 an increase of \$357,658 or 29.77% from the prior year.

Business-type activities in the City consist of water operations, sanitary sewer and parking operations. Note: The Sanitary Sewer charges are new for FY2015-16. The City inherited the sanitary system by the dissolution of Old Town Sanitary District in July 2015. Payments to the Old Town District were made through property tax bills. Upon absorption of the Old Town District, the City began charging former Old Town customers the same rate that had been charged to customers of the City system. In fiscal year 2016, \$316,027 of program revenue was generated by the sanitary system, \$792,795 by the water operations related to charges for services and \$88,231 by the parking operation from charges for services.

Expenses:

Total expenses for the City's business-type activities for fiscal year 2016 were \$698,974. Of the total expenses for business-type activities, \$589,212 is attributable to water operations, \$39,291 to sewer, and \$70,471 to parking operations. The main increase in expenses of \$38,881 is related to the City taking on the expenses for the Old Town Sanitary District.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2016, the Governmental Funds (as presented beginning on page 22) reported a combined fund balance of \$14,588,018 which is a \$5,707,268, or 28.12%, decrease from the beginning of the year balance of \$21,295,286. Of the total year-end fund balance, \$815,340 is unassigned in the General Fund indicating availability for continuing City services. Note: The Development Fund has a negative unassigned balance of \$2,201,858 since the note payable due the General Fund exceeds the value of the arena land. The City has

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accounted for this potential loss in the non-spendable portion of the General Fund balance. Total remaining fund balances are as follows: \$5,235,994 non-spendable (includes TIF note), \$2,599,038 restricted, \$2,671,231 committed, and \$5,820,743 assigned.

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$839,855, or 6.38%, from the beginning of year balance. The City budgeted for a \$123,843 decrease in fund balance. Revenues were \$245,530 higher than the budget in the natural gas – utility tax related to a cooler winter than the prior year, OTB revenues were higher related to the Players OTB expansion, Glenview shared revenues were higher as Mariano's revenues are being recognized, traffic fines are higher than budgeted as collections efforts related to the debt recovery program are significantly more than anticipated, the City has received over \$170,000 in collections from the effort, and IRMA insurance payments received from reserves of \$85,000. Cost savings were also realized in all departments by \$470,446 except the building department which experienced higher than anticipated building permits. Revenues in the building department more than offset the additional expenses.

SSA #8 fund balance increased by \$87,173. 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. Public works spent less time than budgeted on the levy wall as there were no substantial rain falls in the area.

The fund balance of the Palatine/Milwaukee TIF Fund decreased \$505,598 over the beginning of the year fund balance. This decrease reflects the expenses related to the public works addition and funding for improvements to Player Pub and Grill. The reduction in taxing revenue also had a major impact to the fund.

The Development Fund was established to record activity related to the Series 2006 general obligation debt issue and related land acquisition. The debt was paid and new debt Series 2011B was issued and paid on December 15, 2015. The fund balance decreased by \$4,864,068. The balance decline is related to an interest payment on the bond \$146,875 and full principal payment in the amount of \$4,700,000.

The Road Construction Debt fund balance increased by \$31,577. Tax receipts for the tax levy were higher than the payments made on the bond payments. The higher amount is related to prior year collections on taxes and the additional taxes anticipated due to the loss rate.

Proprietary Funds

At April 30, 2016, the Enterprise Funds' (as presented beginning on page 30) have a total net position of \$5,260,330 which accounts for an increase of \$219,142 or 4.35% over the prior year.

The Water Fund reflected an increase in net position of \$13,408. This increase was comprised of water related expenses being lower than water fees charged to customers. The City had a water rate study done by an engineering firm. The City has been progressively increasing rates, so not to impact the residents all at one time. The rates continue to be adjusted and should be at appropriate levels by FY2016-17 unless unforeseen emergencies occur.

The Parking Fund experienced a \$5,402 decrease in net position for the year. The slight decrease was primarily due to depreciation expense. Parking revenues have increased by \$1,351 over the prior year due increased ridership and enforcement of parking fee payments. Despite these actions, the Parking Fund continues to struggle, as its revenues are not sufficient to support its operating and depreciation expenses. Market competition from neighboring communities, both in parking fees and train schedules, hinders the City's ability to raise fees, and impacts the occupancy rate of its commuter parking lot.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, one budget amendment was approved by the City Council. The last budget amendment was approved on February 8, 2016.

During fiscal year 2016, the City amended its General Fund budget one time. Table 3 below reflects the original and final amended budget for the General Fund. *More information can be found in the General Fund's schedule of revenues, expenditures, and changes in fund balance on page 83.*

Table 3: General Fund Budgetary Changes
for Fiscal Year 2016

	Original Budget	Final Budget	Actual
Revenues	\$ 7,663,291	\$ 7,806,206	\$ 8,168,769
Expenditures	8,917,676	9,205,309	8,734,862
Other Financing Sources (Uses)	\$ (442,461)	\$ 1,522,944	1,405,948
Change in Fund Balance	\$ (1,696,846)	\$ 123,841	\$ 839,855

The City ended the year ahead of budget by \$716,014 in the General Fund. The City's revenues returns exceeded the budget by \$362,563 and expenses were under budget by \$470,447. Revenue gains were recognized in police fines and fees due to the Debt Recovery program initiative experiencing higher than anticipated returns than budgeted. The City experienced an increase in permits for remodeling and new developments. The revenues associated with the permits issued far exceeded the expenses incurred by the Building Department to perform the reviews. All departments except for Building and Zoning experienced lower than anticipated expenses as cost reduction initiatives were implemented. Public Works department experience lower overtime related to milder weather and less snow events than budgeted.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

CAPITAL ASSETS

At the end of FY2016, the City had a combined total of \$37,671,407 of capital assets invested in land; equipment; buildings and improvements; vehicles; infrastructure; water facilities and lines; and a commuter lot (see Table 4 below). *The following tables summarize the changes in capital assets, which are presented in detail in Note III (c) in the Notes to the Financial Statements.*

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

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	2016	2015	2016	2015	2016	2015
Land (includes rights of way and easements)	\$ 7,851,387	\$ 7,926,383	\$ 102,195	\$ 102,195	\$ 7,953,582	\$ 8,028,578
Construction in progress	-	-	-	-	-	-
Buildings and improvements	6,240,003	5,565,529	937,355	983,609	7,177,358	6,549,138
Machinery and equipment	359,199	179,579	77,363	29,940	436,562	209,519
Vehicles	688,579	718,262	28,897	34,677	717,476	752,939
Office furniture and equipment	280,558	272,295	-	-	280,558	272,295
Infrastructure	18,017,952	18,313,951	-	-	18,017,952	18,313,951
Water mains	-	-	3,005,119	3,093,464	3,005,119	3,093,464
Water reservoir	-	-	82,800	87,400	82,800	87,400
Total capital assets	<u>\$ 33,437,678</u>	<u>\$ 32,975,999</u>	<u>\$ 4,233,729</u>	<u>\$ 4,331,285</u>	<u>\$ 37,671,407</u>	<u>\$ 37,307,284</u>

For fiscal year 2016, the City's total capital assets, net of depreciation, increased \$364,123. Capital assets of business-type activities decreased \$97,556 due to annual depreciation. Capital assets of government activities increased \$461,679 due to the purchase of a gun range, expansion of public works facility, and establishment of new public parking lot.

Table 5: Change in Capital Assets

	Governmental	Business-type	Total
	<u>Activities</u>		
	2016	2016	
Beginning Balance	\$ 32,975,999	\$ 4,331,285	\$ 37,307,284
Additions			
Depreciable	2,055,304	58,237	2,113,541
Nondepreciable	(74,996)	-	(74,996)
Retirements			
Depreciable	-	-	-
Nondepreciable	-	-	-
Depreciation	(1,518,629)	(155,793)	(1,674,422)
	<u>\$ 33,437,678</u>	<u>\$ 4,233,729</u>	<u>\$ 37,671,407</u>

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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

Governmental Activities

General Government

New Municipal Parking Lot - \$322,149

Police Department

Gun Range - \$440,315

Four police vehicles - \$135,341

Public Works

Endloader - \$149,000

Televising System - \$59,995

Scada System - \$16,520

Cameras - \$87,542

Public Works Addition - \$51,517

Road Improvements - \$103,445

Drainage Improvements - \$689,481

Business-Type Activities

No new assets

Debt Outstanding

The City of Prospect Heights governmental activities had total long-term debt of \$27,910,839 as of April 30, 2016. Long-term debt is comprised of general obligation debt, tax increment financing loans, special service area bonds, a note payable, net pension liability, compensated absences payable to employees, and other postemployment benefit obligations. *For more detail on the City's long-term debt, see Note III (E) in the Notes to the Financial Statements.*

Loans outstanding: At April 30, 2016, the City had one tax increment financing (TIF) loan outstanding with a balance of \$945,000. The City has pledged the property tax increment generated by the TIF districts for repayment of this loan. This loan maturity date is December 1, 2017.

Notes payable outstanding: At April 30, 2015, the City has no notes outstanding.

General obligation debt outstanding: At the end of the year, the City had seven general obligation (G.O.) debt issues outstanding with a combined balance of \$13,650,000. Under state statutes, the City's aggregated general obligation indebtedness cannot exceed 8.625% of the value of taxable property within the City. As of April 30, 2016, the total debt applicable to this limit was \$14,215,000 well below the \$28,616,448 set by law. None of the general obligation debt is bonded debt, and; therefore, is not supported with a direct tax on the residents of the City.

Special service area bonds outstanding: At the end of the year, the City had one special service area bond outstanding with a balance of \$2,130,000. This bond is supported with a property tax on the residents located within Special Service Area #6 and has a final maturity date of December 15, 2028.

Compensated absences: At the end of the year, compensated absences payable totaled \$272,579, which reflected a decrease of \$100,140 from the prior year. This decrease reflects the retirement of several police and administrative staff which resulted in a reduction of the liability.

CITY OF PROSPECT HEIGHTS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Net pension liability: As of April 30, 2016, the City's net pension liability totaled \$10,576,975, which reflected an increase of \$2,365,486 over the restated prior year amount. Note: The City implemented GASB 67 and 68 thus requiring a restatement of prior year liabilities. As of the last valuation date, the Police Pension Fund had a funded ratio of 57.68%. While the City has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 40.53% of the City's FY2016 contribution. The police pension tax does not have a rate ceiling; however, the City's ability to increase this tax levy is limited by the tax caps imposed by the state of Illinois. The City's attempts to increase this levy through referendum have failed. *For more detail on the City's pension liabilities see Note IV (A) in the Notes to the Financial Statements and required supplemental information.*

Other postemployment benefit (OPEB) obligations: As of April 30, 2016, the City's net OPEB obligation totaled \$202,562. The City is not required to and currently does not advance fund this obligation. *For more detail on the City's OPEB obligation see Note IV (E) in the Notes to the Financial Statements.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The second component of the strategic financial plan encompassed opportunities to reduce or stabilize growth in expenditures. Due to budget reductions over the years, including personnel, the majority of the City's budget is now dedicated to personnel and related benefits. The FY2016-2017 budget adopted on April 11, 2016 reflects no fee increases, revenues continue to be reliant on economically-driven revenue streams to support basic City services, and no significant service modifications are anticipated.

The components of the strategic financial plan encompassed the need to establish a capital repair and replacement plan to address the City's aging facilities, equipment, and infrastructure, especially the roads. The voters approved a \$15 million bond referendum on November 2, 2010 for the payment of local road construction and related maintenance equipment, storm sewer and related drainage projects, and related expenses. The first phase of the project was completed in April, 2012, Phase II was completed in November 2012, and Phase III was completed in the fall of 2014. The City passed its first five year Capital Improvement Plan in April 2014 to begin the process of setting funds aside for future programs thus eliminating the need for future referendums. The City has set aside \$5,820,743 in FY2016-17 for future capital improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF PROSPECT HEIGHTS

STATEMENT OF NET POSITION As of April 30, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 10,927,900	\$ 2,043,312	\$ 12,971,212
Receivables (net)			
Property taxes	1,344,579	-	1,344,579
Intergovernmental	856,651	-	856,651
Other taxes	134,360	-	134,360
Accounts	451,571	84,193	535,764
Special assessments	-	58,539	58,539
Prepaid items	109,573	6,843	116,416
Assets held for resale	2,210,500	-	2,210,500
Internal balances	3,868	(3,868)	-
Internal balances - advances	412,128	(412,128)	-
Investment in joint venture - airport	45,562,651	-	45,562,651
Capital Assets			
Capital assets not being depreciated	7,851,387	102,195	7,953,582
Capital assets, net of accumulated depreciation	<u>25,586,291</u>	<u>4,131,534</u>	<u>29,717,825</u>
Total Assets	<u>95,451,459</u>	<u>6,010,620</u>	<u>101,462,079</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	96,541	-	96,541
Deferred outflows of resources related to pensions	<u>2,837,915</u>	<u>66,689</u>	<u>2,904,604</u>
Total Deferred Outflows of Resources	<u>2,934,456</u>	<u>66,689</u>	<u>3,001,145</u>
LIABILITIES			
Accounts payable	314,377	110,708	425,085
Accrued payroll	69,967	2,411	72,378
Accrued interest	207,108	12,566	219,674
Deposits	76,645	1,800	78,445
Unearned revenues	74,278	-	74,278
Noncurrent Liabilities			
Due within one year	1,942,579	66,499	2,009,078
Due in more than one year	<u>25,968,260</u>	<u>622,995</u>	<u>26,591,255</u>
Total Liabilities	<u>28,653,214</u>	<u>816,979</u>	<u>29,470,193</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future periods	1,327,845	-	1,327,845
Deferred inflows of resources related to pensions	<u>429,471</u>	-	<u>429,471</u>
Total Deferred Inflows of Resources	<u>1,757,316</u>	-	<u>1,757,316</u>
NET POSITION			
Net investment in capital assets	17,523,954	3,668,729	21,192,683
Restricted for			
Debt service	808,757	-	808,757
Public safety	144,590	-	144,590
Special service area improvements	477,140	-	477,140
Tourism	141,865	-	141,865
Streets and highways	819,578	-	819,578
Unrestricted	<u>48,059,501</u>	<u>1,591,601</u>	<u>49,651,102</u>
TOTAL NET POSITION	<u>\$ 67,975,385</u>	<u>\$ 5,260,330</u>	<u>\$ 73,235,715</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2016

<u>Functions/Programs</u>	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 3,378,267	\$ 2,420,438	\$ 126,812
Public safety	4,903,945	855,480	140,406
Public works	2,359,857	-	416,321
Interest and fiscal charges	663,219	-	-
Total Governmental Activities	11,305,288	3,275,918	683,539
Business-type Activities			
Water	589,212	792,795	-
Parking	70,471	88,231	-
Sewer	39,291	316,027	-
Total Business-type Activities	698,974	1,197,053	-
Total	\$ 12,004,262	\$ 4,472,971	\$ 683,539

General Revenues

Taxes
Property
Local sales and use taxes
Utility
Hotel
Other
Intergovernmental
Income tax
State sales tax
Other intergovernmental taxes
Net change of investment in joint venture - airport
Investment income
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year
(as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (831,017)	\$ -	\$ (831,017)
(3,908,059)	-	(3,908,059)
(1,943,536)	-	(1,943,536)
<u>(663,219)</u>	<u>-</u>	<u>(663,219)</u>
<u>(7,345,831)</u>	<u>-</u>	<u>(7,345,831)</u>
-	203,583	203,583
-	17,760	17,760
<u>-</u>	<u>276,736</u>	<u>276,736</u>
<u>-</u>	<u>498,079</u>	<u>498,079</u>
<u>(7,345,831)</u>	<u>498,079</u>	<u>(6,847,752)</u>
2,840,100	-	2,840,100
377,196	-	377,196
918,980	-	918,980
811,689	-	811,689
547,915	-	547,915
1,662,974	-	1,662,974
828,941	-	828,941
157,582	-	157,582
(661,580)	-	(661,580)
27,546	4,597	32,143
127,295	(114)	127,181
<u>283,420</u>	<u>(283,420)</u>	<u>-</u>
<u>7,922,058</u>	<u>(278,937)</u>	<u>7,643,121</u>
576,227	219,142	795,369
<u>67,399,158</u>	<u>5,041,188</u>	<u>72,440,346</u>
<u>\$ 67,975,385</u>	<u>\$ 5,260,330</u>	<u>\$ 73,235,715</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of April 30, 2016

	<u>General</u>	<u>Special Service Area #8</u>	<u>Palatine / Milwaukee TIF</u>	<u>Road Construction Debt</u>
ASSETS				
Cash and investments	\$ 7,323,205	\$ 153,184	\$ 522,711	\$ 805,166
Receivables (net)				
Property taxes	183,668	112,382	133,397	666,722
Intergovernmental	819,655	-	-	-
Other taxes	134,360	-	-	-
Accounts	335,241	-	-	-
Prepaid items	66,769	-	108	-
Assets held for resale	-	-	-	-
Due from other funds	665,698	-	-	-
Advances to other funds	<u>5,126,529</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 14,655,125</u>	<u>\$ 265,566</u>	<u>\$ 656,216</u>	<u>\$ 1,471,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 238,658	\$ 16,613	\$ 55,522	\$ 350
Accrued payroll	69,967	-	-	-
Deposits	76,645	-	-	-
Unearned revenue	74,278	-	-	-
Due to other funds	4,490	-	659,982	-
Advances from other funds	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>464,038</u>	<u>216,613</u>	<u>715,504</u>	<u>350</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	<u>181,425</u>	<u>110,501</u>	<u>132,293</u>	<u>656,326</u>
Total Deferred Inflows of Resources	<u>181,425</u>	<u>110,501</u>	<u>132,293</u>	<u>656,326</u>
Fund Balances (Deficit)				
Nonspendable	5,193,298	-	-	-
Restricted	24,113	-	-	815,212
Committed	2,156,168	-	-	-
Assigned	5,820,743	-	-	-
Unassigned	<u>815,340</u>	<u>(61,548)</u>	<u>(191,581)</u>	<u>-</u>
Total Fund Balances	<u>14,009,662</u>	<u>(61,548)</u>	<u>(191,581)</u>	<u>815,212</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 14,655,125</u>	<u>\$ 265,566</u>	<u>\$ 656,216</u>	<u>\$ 1,471,888</u>

See accompanying notes to financial statements.

<u>Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ 2,123,634	\$ 10,927,900
-	248,410	1,344,579
-	36,996	856,651
-	-	134,360
-	116,330	451,571
-	42,696	109,573
2,210,500	-	2,210,500
2,642	-	668,340
<u>-</u>	<u>-</u>	<u>5,126,529</u>
<u>\$ 2,213,142</u>	<u>\$ 2,568,066</u>	<u>\$ 21,830,003</u>
\$ -	\$ 3,234	\$ 314,377
-	-	69,967
-	-	76,645
-	-	74,278
-	-	664,472
<u>4,415,000</u>	<u>99,401</u>	<u>4,714,401</u>
<u>4,415,000</u>	<u>102,635</u>	<u>5,914,140</u>
<u>-</u>	<u>247,300</u>	<u>1,327,845</u>
<u>-</u>	<u>247,300</u>	<u>1,327,845</u>
-	42,696	5,235,994
-	1,759,713	2,599,038
-	515,063	2,671,231
-	-	5,820,743
<u>(2,201,858)</u>	<u>(99,341)</u>	<u>(1,738,988)</u>
<u>(2,201,858)</u>	<u>2,218,131</u>	<u>14,588,018</u>
<u>\$ 2,213,142</u>	<u>\$ 2,568,066</u>	<u>\$ 21,830,003</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of April 30, 2016

Total Fund Balances - Governmental Funds	\$ 14,588,018
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	33,437,678
Deferred amount on refunding is reported as a deferred outflow on the statement of net position.	96,541
Investments in joint ventures are not financial resources and, therefore, are not reported in the funds.	45,562,651
Deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, are not reported in the governmental funds.	2,837,915
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(429,471)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(16,858,723)
Compensated absences	(272,579)
Accrued interest	(207,108)
Net OPEB obligation	(202,562)
Net pension liability	<u>(10,576,975)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 67,975,385</u>

CITY OF PROSPECT HEIGHTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2016

	General	Special Service Area #8	Palatine/ Milwaukee TIF	Road Construction Debt
REVENUES				
Taxes	\$ 2,437,545	\$ 211,539	\$ 304,353	\$ 1,336,718
Intergovernmental	2,739,066	-	-	-
Licenses and permits	899,237	-	-	-
Fines, forfeitures and penalties	784,430	-	-	-
Charges for services	1,024,399	-	-	-
Investment income	24,157	142	159	67
Miscellaneous	259,935	-	-	-
Total Revenues	<u>8,168,769</u>	<u>211,681</u>	<u>304,512</u>	<u>1,336,785</u>
EXPENDITURES				
Current				
General government	1,833,937	-	110,656	1,250
Public safety	4,644,629	-	-	-
Public works	975,778	11,828	-	623
Capital outlay	1,091,094	36,520	139,058	-
Debt Service				
Principal	130,000	-	420,000	960,000
Interest	59,424	4,500	66,886	343,335
Total Expenditures	<u>8,734,862</u>	<u>52,848</u>	<u>736,600</u>	<u>1,305,208</u>
Excess (deficiency) of revenues over expenditures	<u>(566,093)</u>	<u>158,833</u>	<u>(432,088)</u>	<u>31,577</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,405,948	-	-	-
Transfers out	-	(71,660)	(73,510)	-
Total Other Financing Sources (Uses)	<u>1,405,948</u>	<u>(71,660)</u>	<u>(73,510)</u>	<u>-</u>
Net Change in Fund Balances	839,855	87,173	(505,598)	31,577
FUND BALANCES (DEFICIT) - Beginning of Year	<u>13,169,807</u>	<u>(148,721)</u>	<u>314,017</u>	<u>783,635</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 14,009,662</u>	<u>\$ (61,548)</u>	<u>\$ (191,581)</u>	<u>\$ 815,212</u>

See accompanying notes to financial statements.

<u>Development</u>	Nonmajor Governmental Funds	<u>Totals</u>
\$ -	\$ 1,205,725	\$ 5,495,880
-	467,158	3,206,224
-	-	899,237
-	-	784,430
-	562,024	1,586,423
205	2,816	27,546
-	-	<u>259,935</u>
<u>205</u>	<u>2,237,723</u>	<u>12,259,675</u>
17,398	1,288,066	3,251,307
-	8,760	4,653,389
-	97,435	1,085,664
-	922,109	2,188,781
4,700,000	110,000	6,320,000
<u>146,875</u>	<u>130,202</u>	<u>751,222</u>
<u>4,864,273</u>	<u>2,556,572</u>	<u>18,250,363</u>
<u>(4,864,068)</u>	<u>(318,849)</u>	<u>(5,990,688)</u>
-	-	1,405,948
-	<u>(977,358)</u>	<u>(1,122,528)</u>
-	<u>(977,358)</u>	<u>283,420</u>
(4,864,068)	(1,296,207)	(5,707,268)
<u>2,662,210</u>	<u>3,514,338</u>	<u>20,295,286</u>
<u>\$ (2,201,858)</u>	<u>\$ 2,218,131</u>	<u>\$ 14,588,018</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2016

Net change in fund balances - total governmental funds	\$	(5,707,268)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		2,091,308
Depreciation is reported in the government-wide financial statements		(1,518,629)
Net book value of assets retired		(111,000)

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

Principal repaid		6,320,000
------------------	--	-----------

Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Premium		12,666
---------	--	--------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		100,140
Other post employment benefits		(21,427)
Accrued interest on debt		84,113
Amortization of deferred charge on refunding		(8,776)
Net pension liability		(2,365,486)
Deferred outflows of resources related to pensions		2,791,637
Deferred inflows of resources related to pensions		(429,471)

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

		<u>(661,580)</u>
--	--	------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	\$	<u>576,227</u>
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CITY OF PROSPECT HEIGHTS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of April 30, 2016

	Business-type Activities - Enterprise Funds			
	Water	Parking	Nonmajor Enterprise Fund - Sewer	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,890,763	\$ 178	\$ 152,371	\$ 2,043,312
Accounts receivable	84,193	-	58,539	142,732
Prepaid items	6,450	378	15	6,843
Total Current Assets	<u>1,981,406</u>	<u>556</u>	<u>210,925</u>	<u>2,192,887</u>
Noncurrent Assets				
Capital assets not being depreciated	102,195	-	-	102,195
Capital assets net of accumulated depreciation	3,456,671	674,863	-	4,131,534
Total Noncurrent Assets	<u>3,558,866</u>	<u>674,863</u>	<u>-</u>	<u>4,233,729</u>
Total Assets	<u>5,540,272</u>	<u>675,419</u>	<u>210,925</u>	<u>6,426,616</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	39,998	-	26,691	66,689
Total Deferred Outflows of Resources	<u>39,998</u>	<u>-</u>	<u>26,691</u>	<u>66,689</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of April 30, 2016

	Business-type Activities - Enterprise Funds			Totals
	Water	Parking	Nonmajor Enterprise Funds	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 100,003	\$ 7,625	\$ 3,080	\$ 110,708
Accrued payroll	1,849	-	562	2,411
Accrued interest	12,566	-	-	12,566
Deposits	1,800	-	-	1,800
Due to other funds	3,466	-	402	3,868
Compensated absences	8,055	-	3,444	11,499
General obligation debt payable	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
Total Current Liabilities	<u>182,739</u>	<u>7,625</u>	<u>7,488</u>	<u>197,852</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt payable	510,000	-	-	510,000
Advances from other funds	-	412,128	-	412,128
Net pension liability	<u>71,972</u>	<u>-</u>	<u>41,023</u>	<u>112,995</u>
Total Noncurrent Liabilities	<u>581,972</u>	<u>412,128</u>	<u>41,023</u>	<u>1,035,123</u>
Total Liabilities	<u>764,711</u>	<u>419,753</u>	<u>48,511</u>	<u>1,232,975</u>
NET POSITION				
Net investment in capital assets	2,993,866	674,863	-	3,668,729
Unrestricted	<u>1,821,693</u>	<u>(419,197)</u>	<u>189,105</u>	<u>1,591,601</u>
TOTAL NET POSITION	<u>\$ 4,815,559</u>	<u>\$ 255,666</u>	<u>\$ 189,105</u>	<u>\$ 5,260,330</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			Totals
	Water	Parking	Nonmajor Enterprise Fund - Sewer	
OPERATING REVENUES				
Charges for services	\$ 792,795	\$ 70,417	\$ 316,027	\$ 1,179,239
Total Operating Revenues	<u>792,795</u>	<u>70,417</u>	<u>316,027</u>	<u>1,179,239</u>
OPERATING EXPENSES				
Operations and maintenance	438,045	38,335	39,291	515,671
Depreciation expense	123,657	32,136	-	155,793
Total Operating Expenses	<u>561,702</u>	<u>70,471</u>	<u>39,291</u>	<u>671,464</u>
Operating Income	<u>231,093</u>	<u>(54)</u>	<u>276,736</u>	<u>507,775</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	4,589	8	-	4,597
Interest expense	(27,510)	-	-	(27,510)
Grants	-	17,814	-	17,814
Miscellaneous	(114)	-	-	(114)
Total Nonoperating Revenues (Expenses)	<u>(23,035)</u>	<u>17,822</u>	<u>-</u>	<u>(5,213)</u>
Income Before Transfers	<u>208,058</u>	<u>17,768</u>	<u>276,736</u>	<u>502,562</u>
TRANSFERS				
Transfers out	(194,650)	(23,170)	(65,600)	(283,420)
Total Transfers	<u>(194,650)</u>	<u>(23,170)</u>	<u>(65,600)</u>	<u>(283,420)</u>
Change in Net Position	13,408	(5,402)	211,136	219,142
NET POSITION - Beginning of Year (as restated)	<u>4,802,151</u>	<u>261,068</u>	<u>(22,031)</u>	<u>5,041,188</u>
NET POSITION - END OF YEAR	<u>\$ 4,815,559</u>	<u>\$ 255,666</u>	<u>\$ 189,105</u>	<u>\$ 5,260,330</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			
	Water	Parking	Nonmajor Enterprise Fund - Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 786,438	\$ 70,417	\$ 257,488	\$ 1,114,343
Paid to suppliers for goods and services	(250,570)	(31,394)	(19,695)	(301,659)
Paid to employees for services	(130,506)	-	(20,224)	(150,730)
Net Cash Flows From Operating Activities	405,362	39,023	217,569	661,954
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	4,589	8	-	4,597
Net Cash Flows From Investing Activities	4,589	8	-	4,597
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(195,164)	(23,170)	(65,198)	(283,532)
Interfund advances paid	-	(34,495)	-	(34,495)
Operating grants received	-	17,814	-	17,814
Miscellaneous revenue	(114)	-	-	(114)
Net Cash Flows From Noncapital Financing Activities	(195,278)	(39,851)	(65,198)	(300,327)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(50,000)	-	-	(50,000)
Interest paid	(27,510)	-	-	(27,510)
Acquisition and construction of capital assets	(58,237)	-	-	(58,237)
Net Cash Flows From Capital and Related Financing Activities	(135,747)	-	-	(135,747)
Net Change in Cash and Cash Equivalents	78,926	(820)	152,371	230,477
CASH AND CASH EQUIVALENTS - Beginning of Year	1,811,837	998	-	1,812,835
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,890,763	\$ 178	\$ 152,371	\$ 2,043,312

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			
	Water	Parking	Nonmajor Enterprise Fund - Sewer	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 231,093	\$ (54)	\$ 276,736	\$ 507,775
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	123,657	32,136	-	155,793
Changes in assets and liabilities				
Accounts receivables	(6,357)	-	(58,539)	(64,896)
Prepaid items	(1,029)	(26)	(15)	(1,070)
Accounts payable	61,310	6,967	3,080	71,357
Accrued payroll	472	-	562	1,034
Deferred outflows of resources related to pensions	(36,826)	-	(26,691)	(63,517)
Net pension liability	33,320	-	18,992	52,312
Compensated absences	(278)	-	3,444	3,166
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 405,362</u>	 <u>\$ 39,023</u>	 <u>\$ 217,569</u>	 <u>\$ 661,954</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of April 30, 2016

	<u>Pension Trust Police Pension Fund</u>
ASSETS	
Cash	\$ 611,641
Investments	
Mutual funds	7,361,744
U.S. government and agency securities	3,332,791
Corporate bonds	1,428,644
Receivables	
Accrued interest	27,087
Prepaid expenses	<u>530</u>
Total Assets	<u>12,762,437</u>
LIABILITIES	
Accounts payable	<u>2,304</u>
Total Liabilities	<u>2,304</u>
NET POSITION	
Restricted for pension	<u><u>\$ 12,760,133</u></u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended April 30, 2016

	<u>Pension Trust</u> <u>Police Pension</u> <u>Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 715,486
Plan members	<u>194,882</u>
Total Contributions	<u>910,368</u>
Investment income	
Interest and dividends	267,482
Net appreciation (depreciation) in fair value of investments	<u>(364,079)</u>
Total Investment Income	(96,597)
Less Investment expense	<u>26,189</u>
Net Investment Income	<u>(122,786)</u>
Total Additions	<u>787,582</u>
DEDUCTIONS	
Administration	32,766
Benefits	<u>322,396</u>
Total Deductions	<u>355,162</u>
Change in Net Position	432,420
NET POSITION - Beginning of Year	<u>12,327,713</u>
NET POSITION - END OF YEAR	<u>\$ 12,760,133</u>

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

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CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended April 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. REPORTING ENTITY (cont.)

Component Unit

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented May 1, 2015.

Government-Wide Financial Statements

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

The City reports the following major enterprise funds:

- Water Fund - accounts for operations of the water system.
- Parking Fund - accounts for operations of the commuter parking lot.

The City reports the following nonmajor governmental and enterprise funds:

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

Motor Fuel Tax	Tourism
DEA Seizure	SWANCC
Special Service Area #1	Special Service Area #2
Special Service Area #3	Special Service Area #4
Special Service Area #5	

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

Special Service Area #6 Debt

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

Special Service Area #6 Construction
Road Construction

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

Sewer Fund

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

In addition, the City reports the following fund type:

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

Police Pension

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

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

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

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

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	37%	2.95%
Domestic equities	45%	5.99%
International equities	12%	5.84%
Real estate	3%	5.91%
Cash	3%	(0.03)%

Illinois Compiled Statutes (ILCS) limit the police pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the police pension fund's investments was determined using an asset allocation study conducted by the police pension fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the police pension fund's target asset allocation are listed in the table above.

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

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

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

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

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2016 attaches as an enforceable lien on January 1, 2016, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2016 tax levy, which attached as an enforceable lien on the property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016, as the tax has not yet been levied by the City and will not be levied until December 2016, and therefore, the levy is not measurable at April 30, 2016.

Tax bills for levy year 2015 are prepared by the county and issued on or about February 1, 2016 and July 1, 2016, and are payable in two installments, on or about March 1, 2016 and August 1, 2016 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2015 property tax levy is recognized as a receivable and deferred inflow of resources in fiscal 2016, net of amounts already collected and of an allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

2. Receivables (cont.)

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

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

3. Prepaid Items

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

4. Capital Assets

Government-Wide Statements

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Fund Financial Statements

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

5. Deferred Outflows of Resources

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

6. Compensated Absences

Payments for vacation will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at April 30, 2016, are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

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

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

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

8. Deferred Inflows of Resources

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

9. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City has adopted a financial policy authorizing the City Administrator or Finance Director to assign funds for specific purposes. Any funds set aside as assigned fund balance must be reported to the City Council at their next regular meeting. The City Council has the authority to remove or change the assignment of the funds with a simple majority vote. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

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

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

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

See Note III. F. for further information.

10. Land Held for Resale

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, several budget amendments were approved by the City Council, the last of which was approved on January 26, 2015.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Police Pension	\$ 340,124	\$ 355,162	\$ 15,038

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. DEFICIT BALANCES

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

As of April 30, 2016, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Service Area #8	\$ 61,548	Current and prior operating expenditures exceeded available revenues or financing
Special Service Area #1	99,281	Current and prior operating expenditures exceeded available revenues or financing
Development	2,201,858	Current operating expenditures exceeded available revenues or financing
Palatine / Milwaukee TIF	191,581	Current operating expenditures exceeded available revenues or financing

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lessor of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the City's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2015 and 2014 tax levies were 0.8% and 1.5%, respectively.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 11,392,658	\$ 11,437,106	Custodial credit risk
Illinois funds money market	1,663,948	1,663,948	Credit risk
IMET	2,002	2,002	Credit risk
Other money market accounts	522,613	522,613	Credit, interest rate, and concentration of credit risk
US government securities	460,456	460,456	Interest rate
US agency securities - explicitly guaranteed	12,273	12,273	Interest rate
US agency securities - implicitly guaranteed	2,860,060	2,860,060	Credit, interest rate, and concentration of credit risk
Corporate bonds	1,428,644	1,428,644	Credit, interest rate, and concentration of credit risk
Mutual funds - other than bond funds	7,361,744	7,361,744	N/A
Petty cash	1,634	1,634	N/A
 Total Deposits and Investments	 \$ 25,706,032	 \$ 25,750,480	
 Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 12,971,212		
Per statement of net position- fiduciary funds			
Cash	611,641		
Mutual funds	7,361,744		
U.S. government and agency securities	3,332,791		
Corporate bonds	1,428,644		
 Total Deposits and Investments	 \$ 25,706,032		

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

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

Credit Risk

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

As of April 30, 2016, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Illinois funds money market	AAAm	Not Rated
IMET	Not Rated	Aaa/MR1
Other money market accounts	Not Rated	Not Rated
US government and agency securities	AA+	Aaa
Corporate bonds	AA to A	Aa1 to A2

Concentration of Credit Risk

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

At April 30, 2016, the pension's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Federal Home Loan Bank	US government and agency securities	19.06%

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of April 30, 2016, the City's investments were as follows:

City			<u>Maturity (In Years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>				<u>Less than 1</u>
Other money market accounts	\$ 522,613				\$ 522,613
Totals	<u>\$ 522,613</u>				<u>\$ 522,613</u>

		<u>Maturity (In Years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
US government and agency securities	\$ 3,332,789	\$ 138,237	\$ 3,182,279	\$ 12,273
Corporate bonds	<u>1,428,644</u>	<u>-</u>	<u>825,240</u>	<u>603,404</u>
Totals	<u>\$ 4,761,433</u>	<u>\$ 138,237</u>	<u>\$ 4,007,519</u>	<u>\$ 615,677</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.01)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

B. RECEIVABLES

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

B. RECEIVABLES (cont.)

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,317,338	\$ -	\$ 111,000	\$ 2,206,338
Rights of way	5,557,297	-	-	5,557,297
Easements	42,000	-	-	42,000
Construction in progress	9,748	36,004	-	45,752
Total Capital Assets Not Being Depreciated	7,926,383	36,004	111,000	7,851,387
Capital assets being depreciated				
Machinery and Equipment	\$ 365,316	\$ 225,515	\$ -	\$ 590,831
Vehicles	1,545,997	135,341	-	1,681,338
Office furniture and equipment	631,551	87,542	-	719,093
Buildings and improvements	7,210,884	813,980	-	8,024,864
Streets	32,582,438	103,445	-	32,685,883
Levee	282,107	-	-	282,107
Bridges	34,354	-	-	34,354
Street lights	65,107	-	-	65,107
Sidewalks	379,979	-	-	379,979
Sanitary sewers	980,259	-	-	980,259
Storm sewers	5,463,586	689,481	-	6,153,067
Total Capital Assets Being Depreciated	49,541,578	2,055,304	-	51,596,882
Total Capital Assets	57,467,961	2,091,308	111,000	59,448,269
Less: Accumulated depreciation for				
Machinery and Equipment	(185,737)	(45,895)	-	(231,632)
Vehicles	(827,735)	(165,024)	-	(992,759)
Office furniture and equipment	(359,256)	(79,279)	-	(438,535)
Buildings and improvements	(1,645,355)	(139,506)	-	(1,784,861)
Streets	(17,517,222)	(901,889)	-	(18,419,111)
Levee	(33,852)	(5,642)	-	(39,494)
Bridges	(16,927)	(272)	-	(17,199)
Street lights	(29,203)	(1,302)	-	(30,505)
Sidewalks	(316,336)	(3,744)	-	(320,080)
Sanitary sewers	(876,190)	(22,964)	-	(899,154)
Storm sewers	(2,684,149)	(153,112)	-	(2,837,261)

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for (cont.)				
Total Accumulated Depreciation	\$ (24,491,962)	\$ (1,518,629)	\$ -	\$ (26,010,591)
Net Capital Assets Being Depreciated	<u>25,049,616</u>	<u>536,675</u>	<u>-</u>	<u>25,586,291</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 32,975,999</u>	<u>\$ 572,679</u>	<u>\$ 111,000</u>	<u>\$ 33,437,678</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 61,856
Public safety	201,208
Public works	<u>1,255,565</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,518,629</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 27,367	\$ -	\$ -	\$ 27,367
Easements	74,828	-	-	74,828
Total Capital Assets Not Being Depreciated	102,195	-	-	102,195
Capital assets being depreciated				
Buildings and improvements	\$ 1,901,789	\$ -	\$ -	\$ 1,901,789
Vehicles	57,795	-	-	57,795
Water mains	4,417,245	-	-	4,417,245
Water reservoir	230,000	-	-	230,000
Office furniture and equipment	158,381	-	-	158,381
Machinery and equipment	49,900	58,237	-	108,137
Total Capital Assets Being Depreciated	6,815,110	58,237	-	6,873,347
Total Capital Assets	6,917,305	58,237	-	6,975,542
Less: Accumulated depreciation for				
Buildings and improvements	(918,180)	(46,254)	-	(964,434)
Vehicles	(23,118)	(5,780)	-	(28,898)
Water mains	(1,323,781)	(88,345)	-	(1,412,126)
Water reservoir	(142,600)	(4,600)	-	(147,200)
Office furniture and equipment	(158,381)	-	-	(158,381)
Machinery and equipment	(19,960)	(10,814)	-	(30,774)
Total Accumulated Depreciation	(2,586,020)	(155,793)	-	(2,741,813)
Net Capital Assets Being Depreciated	4,229,090	(97,556)	-	4,131,534
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 4,331,285	\$ (97,556)	\$ -	\$ 4,233,729

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 123,657
Parking	32,136
Total Business-type Activities Depreciation Expense	\$ 155,793

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Palatine/Milwaukee TIF	\$ 659,982
General	Sewer	402
General	Water	3,466
Bond Escrow Fund	General	1,848
Development	General	<u>2,642</u>
Total - Fund Financial Statements		668,340
Less: Fund eliminations		<u>(664,472)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 3,868</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	<u>\$ 3,868</u>
Total Government-Wide Financial Statements		<u>\$ 3,868</u>

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Special Service Area #1	\$ 99,401	\$ 99,401
General	Special Service Area #8	200,000	200,000
General	Parking	412,128	412,128
General	Development	<u>4,415,000</u>	4,415,000
Total - Fund Financial Statements		5,126,529	
Less: Fund eliminations		<u>(4,714,401)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ 412,128</u></u>	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	<u>\$ 412,128</u>	
Total Government-Wide Financial Statements		<u><u>\$ 412,128</u></u>	

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Motor Fuel Tax	\$ 179,770
General	Palatine/Milwaukee TIF	73,510
General	Tourism	454,944
General	SWANCC	121,490
General	Special Service Area #1	32,840
General	Special Service Area #2	33,360
General	Special Service Area #3	46,950
General	Special Service Area #4	33,340
General	Special Service Area #5	47,460
General	Special Service Area #6 Construction	27,204
General	Special Service Area #8	71,660
General	Water	194,650
General	Parking	23,170
General	Sewer	<u>65,600</u>
Total - Fund Financial Statements		1,405,948
Less: Fund eliminations		<u>(1,122,528)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ 283,420</u>
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	<u>\$ 283,420</u>
Total Government-wide Financial Statements		<u>\$ 283,420</u>

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2016, was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 19,440,000	\$ -	\$ 5,790,000	\$ 13,650,000	\$ 1,110,000
Palatine/Milwaukee TIF Note	1,365,000	-	420,000	945,000	445,000
Special service area bonds	2,240,000	-	110,000	2,130,000	115,000
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	146,389	-	12,666	133,723	-
Sub-totals	<u>23,191,389</u>	<u>-</u>	<u>6,332,666</u>	<u>16,858,723</u>	<u>1,670,000</u>
Other Liabilities					
Compensated absences	372,719	272,579	372,719	272,579	272,579
Other postemployment benefits	181,135	75,512	54,085	202,562	-
Net pension liability	<u>8,211,489</u>	<u>2,907,363</u>	<u>541,877</u>	<u>10,576,975</u>	<u>-</u>
Total Other Liabilities	<u>8,765,343</u>	<u>3,255,454</u>	<u>968,681</u>	<u>11,052,116</u>	<u>272,579</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 31,956,732</u>	<u>\$ 3,255,454</u>	<u>\$ 7,301,347</u>	<u>\$ 27,910,839</u>	<u>\$ 1,942,579</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	<u>\$ 615,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 565,000</u>	<u>\$ 55,000</u>
Other Liabilities					
Compensated absences	8,333	11,499	8,333	11,499	11,499
Net pension liability	<u>60,683</u>	<u>66,689</u>	<u>14,377</u>	<u>112,995</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 684,016</u>	<u>\$ 78,188</u>	<u>\$ 72,710</u>	<u>\$ 689,494</u>	<u>\$ 66,499</u>

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

The City is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the City. As of April 30, 2016, the statutory debt limit for the City was \$28,616,448, providing a debt margin of \$14,401,448.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

<u>Governmental Activities</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>Balance</u>
<u>General Obligation Debt</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>April 30, 2016</u>
2008 General obligation debt	3/25/2008	12/15/2023	4.327%	\$ 2,045,000	\$ 1,245,000
2011A General obligation debt	6/29/2011	12/15/2026	2.5 - 4.0%	5,000,000	3,985,000
2012 General obligation debt	2/28/2012	12/15/2026	2.0 - 2.5%	5,000,000	4,065,000
2013 General obligation debt	4/16/2013	12/15/2026	2.00% - 2.35%	5,000,000	<u>4,355,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 13,650,000</u>
<u>Business-type Activities</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>Balance</u>
<u>General Obligation Debt</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>April 30, 2016</u>
2010 General obligation debt	7/1/2010	12/15/2024	4.0 - 5.2%	\$ 800,000	<u>\$ 565,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 565,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General Obligation Debt</u>		<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,110,000	\$ 376,581	\$ 55,000	\$ 25,510
2018	1,135,000	349,765	55,000	23,310
2019	1,165,000	320,757	55,000	21,110
2020	1,200,000	290,933	60,000	18,910
2021	1,240,000	258,567	60,000	16,390
2022-2026	6,470,000	750,951	280,000	35,810
2027	<u>1,330,000</u>	<u>39,335</u>	-	-
Totals	<u>\$ 13,650,000</u>	<u>\$ 2,386,889</u>	<u>\$ 565,000</u>	<u>\$ 141,040</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds

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

Tax Increment Financing Bonds at April 30, 2016, consists of the following:

<u>Governmental Activities</u>					
<u>Tax Increment Financing Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2016</u>
Palatine/Milwaukee TIF Notes	6/1/2004	12/1/2017	3.5 - 4.9%	\$ 5,225,000	\$ <u>945,000</u>
Total Governmental Activities Tax Increment Financing Bonds					\$ <u><u>945,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Tax Increment Financing Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 445,000	\$ 46,305
2018	<u>500,000</u>	<u>24,500</u>
Totals	\$ <u><u>945,000</u></u>	\$ <u><u>70,805</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

Special Service Area Bonds

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

Special service area bonds at April 30, 2016, consist of the following:

<u>Governmental Activities</u> <u>Special Service Area Bonds</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>April 30, 2016</u>
Special service area bonds	1/29/2009	12/15/2028	4 to 6.25%	\$ 2,800,000	<u>\$ 2,130,000</u>
Total Governmental Activities Special Service Area Bonds					<u><u>\$ 2,130,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>Special Service Area Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 115,000	\$ 124,253
2018	120,000	118,503
2019	125,000	112,142
2020	135,000	105,517
2021	140,000	98,363
2022-2026	850,000	359,153
2027-2029	<u>645,000</u>	<u>82,501</u>
Totals	<u><u>\$ 2,130,000</u></u>	<u><u>\$ 1,000,432</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. FUND BALANCES

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2016, include the following:

Nonspendable	
Major Fund	
General Fund	
Advance to other funds	\$ 5,126,529
Prepaid items	66,769
Sub-Total	<u>5,193,298</u>
Nonmajor Funds	
Prepaid items	42,696
Total	<u>\$ 5,235,994</u>
Restricted	
Major Funds	
General Fund	
Public safety	\$ 24,113
Road Construction Debt Fund	
Debt service	815,212
Nonmajor Funds	
Streets and highways	819,578
Tourism	141,865
Public safety	120,477
Special service area improvements	477,140
Debt service	200,653
Sub-Total	<u>1,759,713</u>
Total	<u>\$ 2,599,038</u>
Committed	
Major Fund	
General Fund	
Revenue stabilization	\$ 2,156,168
Nonmajor Fund	
Solid waste disposal	515,063
Total	<u>\$ 2,671,231</u>
Assigned	
Major Funds	
General Fund	
Capital purchases	\$ 5,820,743
Total	<u>\$ 5,820,743</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

F. FUND BALANCES (cont.)

Governmental Funds (cont.)

Unassigned

Major Funds

General fund	\$ 815,340
Special service area #8 special revenue fund	(61,548)
Development fund	(2,201,858)
Palatine/Milwaukee TIF	<u>(191,581)</u>
Sub-Total	(1,639,647)

Nonmajor Funds

Special service area #1 special revenue fund	<u>(99,341)</u>
Total	<u><u>\$ (1,738,988)</u></u>

G. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Government-Wide Financial Statements</u>		<u>Proprietary Financial Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net Position - April 30, 2015 (as reported)	\$ 74,000,425	\$ 5,098,699	\$ 4,837,631	\$ -
Less: Net pension liability - IMRF	(651,798)	(60,683)	(38,652)	(22,031)
Add: Deferred outflows related to pensions - IMRF	46,278	3,172	3,172	-
Add: Prior year police net pension obligation	1,563,944	-	-	-
Less: Net pension liability - Police	<u>(7,559,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - April 30, 2015 (as restated)	<u><u>\$ 67,399,158</u></u>	<u><u>\$ 5,041,188</u></u>	<u><u>\$ 4,802,151</u></u>	<u><u>\$ (22,031)</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

Illinois Municipal Retirement Fund

Plan description. All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Plan membership. At December 31, 2015 the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	39
Inactive, non-retired members	31
Active members	<u>19</u>
Total	<u><u>89</u></u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. As set by statute, City employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's actuarially determined contribution rate for calendar year 2015 was 12.47% percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2015 annual actuarial valuation included a 7.48% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.48%
Salary increases	3.75% to 14.50%, including inflation
Price inflation	2.75%

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	38.00%	8.85%	7.39%
International Equities	17.00%	9.55%	7.59%
Fixed income	27.00%	3.05%	3.00%
Real estate	8.00%	7.20%	6.00%
Alternatives	9.00%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1.00%	2.25%	2.25%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability. The year ending December 31, 2088 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.48% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 11,379,512	\$ 10,139,429	\$ 9,126,673
Plan fiduciary net pension	8,812,765	8,812,765	8,812,765
Net pension liability/(asset)	\$ 2,566,747	\$ 1,326,664	\$ 313,908

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2014	\$ 9,443,163	\$ 8,730,682	\$ 712,481
Service cost	141,921	-	141,921
Interest on total pension liability	695,680	-	695,680
Differences between expected and actual experience of the total pension liability	299,316	-	299,316
Change of assumptions	11,372	-	11,372
Benefit payments, including refunds of employee contributions	(452,023)	(452,023)	-
Contributions - employer	-	171,547	(171,547)
Contributions - employee	-	65,806	(65,806)
Net investment income	-	43,117	(43,117)
Other (net transfer)	-	253,636	(253,636)
Balances at December 31, 2015	\$ 10,139,429	\$ 8,812,765	\$ 1,326,664

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$112,856. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Difference between expected and actual experience	\$ 175,683	\$ -
Assumption changes	6,675	-
Net difference between projected and actual earnings on pension plan investments	490,516	-
Contributions subsequent to the measurement date	68,092	-
Total	\$ 740,966	\$ -

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2016. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$672,874) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>City</u>
2017	\$ 250,959
2018	176,657
2019	122,629
2020	<u>122,629</u>
Total	<u>\$ 672,874</u>

Police Pension

Plan description. Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

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

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At April 30, 2016, the Police Pension membership consisted of:

Retirees and beneficiaries	7
Inactive, non-retired members	3
Active members	22
Total	32

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 37.8% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

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

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	2.50%
Projected salary increases	5.50%
Cost-of-living adjustments	Tier 1 - 3.00% Tier 2 - 2.00%

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Mortality rates were based on the RP 2014 Mortality Table (BCHA). The rates have been projected to 2016 using improvement scale MP-2015.

Long-term expected real rate of return. See Note I. D.1 for Police Pension Fund investment policy, including target allocation and long-term expected rate of return.

Discount rate. The discount rate used to measure the total pension liability for the Police Pension Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 25,370,763	\$ 22,123,439	\$ 19,468,235
Plan fiduciary net position	<u>12,760,133</u>	<u>12,760,133</u>	<u>12,760,133</u>
Net pension liability	<u>\$ 12,610,630</u>	<u>\$ 9,363,306</u>	<u>\$ 6,708,102</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at April 30, 2015	\$ 19,887,404	\$ 12,327,713	\$ 7,559,691
Service cost	450,562	-	450,562
Interest on total pension liability	1,380,834	-	1,380,834
Differences between expected and actual experience of the total pension liability	(429,471)	-	(429,471)
Change of assumptions	1,156,506	-	1,156,506
Benefit payments, including refunds of employee contributions	(322,396)	(322,396)	-
Contributions - employer	-	715,486	(715,486)
Contributions - employee	-	194,882	(194,882)
Net investment income	-	(122,786)	122,786
Administration	-	(32,766)	32,766
Balances at April 30, 2016	<u>\$ 22,123,439</u>	<u>\$ 12,760,133</u>	<u>\$ 9,363,306</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$640,071. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 429,471
Assumption changes	1,156,506	-
Net difference between projected and actual earnings on pension plan investments	<u>1,007,132</u>	<u>-</u>
Total	<u>\$ 2,163,638</u>	<u>\$ 429,471</u>

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,734,167) will be recognized in pension expense as follows:

Year Ending April 30,	Amount
2017	\$ 346,833
2018	346,833
2019	346,833
2020	346,833
2021	346,835
Total	<u>\$ 1,734,167</u>

B. RISK MANAGEMENT

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

Public Entity Risk Pool

Illinois Counties Risk Management Trust (ICRMT)

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

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

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

C. COMMITMENTS AND CONTINGENCIES

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

D. JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The City is a member of the SWANCC, which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended, (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. The percentage share of the City, based on a formula contained in SWANCC's agreement, as of April 30, 2016, is 3.0514%. This percentage share is subject to change in future years based on the usage of the municipalities.

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

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

SWANCC has entered into solid waste disposal contracts with member municipalities. The contracts are irrevocable and may not be terminated or amended, except as provided in the contract. Each member is obligated, on a "take or pay" basis, to purchase or, in any event, to pay for a minimum annual cost of the system. The obligation of the City to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. Payments to SWANCC totaled \$370,079 for the year ended April 30, 2016. The City does not have an equity interest in SWANCC.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Chicago Executive Airport

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

The member municipalities have entered into agreements with the Federal Aviation Administration of the United States of America and the state of Illinois to sponsor projects for the acquisition and development of the Airport. Although assets are legally held in the name of the member municipalities, such assets are recorded in Chicago Executive Airport's financial statements to present the overall financial position and operations of the Airport. Airport revenues are solely restricted to funding airport development and airport maintenance expenses. The duration of the intergovernmental agreement shall be for the term of 20 years or the useful life of the Airport, whichever is longer, unless sooner terminated and dissolved by mutual agreement of the member municipalities or by operation of law.

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

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

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

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Summary of Financial Information of Joint Venture

Summary of net position as of April 30, 2016:

Assets	
Current assets	\$ 4,714,964
Capital assets	<u>92,688,379</u>
Total Assets	<u>\$ 97,403,343</u>
Liabilities	
Current liabilities	\$ 1,135,632
Long-term liabilities	<u>5,142,409</u>
Total Liabilities	<u>\$ 6,278,041</u>
Net position	<u>\$ 91,125,302</u>

Summary of changes in net position for the year ended April 30, 2016:

Total revenues	\$ 4,001,567
Total expenses	<u>5,894,243</u>
Net income (loss) before capital contributions	(1,892,676)
Capital contributions	<u>569,516</u>
Change in net position	(1,323,160)
Net position, beginning of year	<u>92,448,462</u>
Net position, end of year	<u>\$ 91,125,302</u>

Complete financial statements are available from the Chicago Executive Airport, 1020 South Plant Road, Wheeling, Illinois 60090. At April 30, 2016, the City's proportionate shares of equity and net loss were \$45,562,651 and \$(661,580), respectively. The City made no payments to the Airport for the year ended April 30, 2016.

E. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides coverage for eligible individuals through the City's group health insurance plan which covers both active and retired members. Benefit provisions are established through personnel policy guidelines and state that eligible retirees and their spouses contribute at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. Retired employees may continue in the group health insurance plan at their own expense in accordance with State and Federal requirements. The cost of coverage shall be at the same rate as is established for active employees. For fiscal year 2016, the City contributed \$54,085 to the plan.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	78,742
Interest on net OPEB obligation		7,245
Adjustment to annual required contribution		<u>(10,475)</u>
Annual OPEB cost		75,512
Contributions made		<u>(54,085)</u>
Increase in net OPEB obligation		21,427
Net OPEB Obligation - Beginning of Year		<u>181,135</u>
Net OPEB Obligation - End of Year	\$	<u><u>202,562</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2016	\$ 75,512	71.62%	\$ 202,562
April 30, 2015	72,894	68.37%	181,135
April 30, 2014	41,946	48.84%	158,077

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of May 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,178,108
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,178,108</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$3,055,780
UAAL as a percentage of covered payroll	38.6%

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

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

In the April 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5%. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at April 30, 2016, was 30 years.

CITY OF PROSPECT HEIGHTS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

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

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

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- Statement No. 79, *Certain External Investment Pools and Pool Participants*
- Statement No. 80, *Blending Requirements for Certain Component Units, an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split - Interest Agreements*
- Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,338,538	\$ 2,329,614	\$ 2,437,545	\$ 107,931
Intergovernmental	2,838,530	2,803,220	2,739,066	(64,154)
Licenses and permits	844,095	851,842	899,237	47,395
Fines, forfeitures and penalties	577,300	628,300	784,430	156,130
Charges for services	717,650	911,551	1,024,399	112,848
Investment income	120,796	120,796	24,157	(96,639)
Miscellaneous	<u>226,382</u>	<u>160,883</u>	<u>259,935</u>	<u>99,052</u>
Total Revenues	<u>7,663,291</u>	<u>7,806,206</u>	<u>8,168,769</u>	<u>362,563</u>
EXPENDITURES				
Current:				
General government	2,034,278	2,051,789	1,833,937	217,852
Public safety	4,684,557	4,720,824	4,644,629	76,195
Public works	1,175,345	1,113,873	975,778	138,095
Capital outlay	834,000	1,129,327	1,091,094	38,233
Debt Service				
Principal	130,000	130,000	130,000	-
Interest	<u>59,496</u>	<u>59,496</u>	<u>59,424</u>	<u>72</u>
Total Expenditures	<u>8,917,676</u>	<u>9,205,309</u>	<u>8,734,862</u>	<u>470,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,254,385)</u>	<u>(1,399,103)</u>	<u>(566,093)</u>	<u>833,010</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,557,564	1,522,968	1,405,948	(117,020)
Transfers out	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(442,436)</u>	<u>1,522,968</u>	<u>1,405,948</u>	<u>(117,020)</u>
Net Change in Fund Balance	<u>\$ (1,696,821)</u>	<u>\$ 123,865</u>	839,855	<u>\$ 715,990</u>
FUND BALANCE - Beginning of Year			<u>13,169,807</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,009,662</u>	

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

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #8 - MAJOR SPECIAL REVENUE
 FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 206,000	\$ 212,200	\$ 211,539	\$ (661)
Investment income	-	110	142	32
Total Revenues	206,000	212,310	211,681	(629)
EXPENDITURES				
Current:				
Public works	33,286	33,286	11,828	21,458
Capital outlay	15,000	45,000	36,520	8,480
Debt Service				
Principal	100,000	100,000	-	100,000
Interest	4,500	4,500	4,500	-
Total Expenditures	152,786	182,786	52,848	129,938
Excess of revenues over expenditures	53,214	29,524	158,833	129,309
OTHER FINANCING SOURCES (USES)				
Transfers out	(90,800)	(82,100)	(71,660)	10,440
Total Other Financing Sources (Uses)	(90,800)	(82,100)	(71,660)	10,440
Net Change in Fund Balance	\$ (37,586)	\$ (52,576)	87,173	\$ 139,749
FUND BALANCE (DEFICIT) - Beginning of Year			(148,721)	
FUND BALANCE (DEFICIT) - END OF YEAR			\$ (61,548)	

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

CITY OF PROSPECT HEIGHTS
ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
 AND RELATED RATIOS
 Most Recent Fiscal Year

	2016
Total pension liability	
Service cost	\$ 141,921
Interest	695,680
Differences between expected and actual experience	299,316
Changes of assumptions	11,372
Benefit payments, including refunds of member contributions	(452,023)
Net change in total pension liability	696,266
Total pension liability - beginning	9,443,163
Total pension liability - ending (a)	\$ 10,139,429
Plan fiduciary net position	
Employer contributions	\$ 171,547
Employee contributions	65,806
Net investment income	43,117
Benefit payments, including refunds of member contributions	(452,023)
Other (net transfer)	253,636
Net change in plan fiduciary net position	82,083
Plan fiduciary net position - beginning	8,730,682
Plan fiduciary net position - ending (b)	\$ 8,812,765
Employer's net pension liability - ending (a) - (b)	\$ 1,326,664
Plan fiduciary net position as a percentage of the total pension liability	86.92%
Covered-employee payroll	\$ 1,375,680
Employer's net pension liability as a percentage of covered-employee payroll	96.44%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

CITY OF PROSPECT HEIGHTS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Most Recent Fiscal Year

	2016
Actuarially determined contribution	\$ 171,547
Contributions in relation to the actuarially determined contribution	(171,547)
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	\$ 1,375,680
 Contributions as a percentage of covered-employee payroll	12.47%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 4 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 CHBCA

Other information:

There were no benefit changes during the year.

CITY OF PROSPECT HEIGHTS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

As of and for the year ended April 30, 2016

	2015	2016
Total pension liability		
Service cost	\$ 421,779	\$ 450,562
Interest	1,254,008	1,380,834
Differences between expected and actual experience	(477,794)	(429,471)
Changes of assumptions	1,145,952	1,156,506
Benefit payments, including refunds of member contributions	(741,886)	(322,396)
Net change in total pension liability	1,602,059	2,236,035
Total pension liability - beginning	18,285,345	19,887,404
Total pension liability - ending (a)	\$ 19,887,404	\$ 22,123,439
Plan fiduciary net position		
Employer contributions	\$ 671,436	\$ 715,486
Employee contributions	178,778	194,882
Net investment income	724,207	(122,786)
Benefit payments, including refunds of member contributions	(742,462)	(322,396)
Administration	(22,575)	(32,766)
Net change in plan fiduciary net position	809,384	432,420
Plan fiduciary net position - beginning	11,518,329	12,327,713
Plan fiduciary net position - ending (b)	\$ 12,327,713	\$ 12,760,133
City's net pension liability - ending (a) - (b)	\$ 7,559,691	\$ 9,363,306
Plan fiduciary net position as a percentage of the total pension liability	61.99%	57.68%
Covered-employee payroll	\$ 1,910,410	\$ 1,892,749
City's net pension liability as a percentage of covered-employee payroll	395.71%	494.69%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF PROSPECT HEIGHTS

POLICE PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS As of and for the year ended April 30, 2016

	2015	2016
Actuarially determined contribution	\$ 630,932	\$ 630,932
Contributions in relation to the actuarially determined contribution	671,436	715,486
Contribution deficiency (excess)	\$ (40,504)	\$ (84,554)
Covered-employee payroll	\$ 1,910,410	\$ 1,892,749
Contributions as a percentage of covered-employee payroll	35.15%	37.80%

Notes to Schedule:

1) The Plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

2) Valuation date: Actuarially determined contributions are calculated as of April 30 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	5.50%
Investment rate of return	7.00%
Retirement age	50-70
Mortality	Mortality rates were based on the RP-2014 CHBCA Mortality Table projected to 2016

CITY OF PROSPECT HEIGHTS

POLICE PENSION FUND SCHEDULE OF INVESTMENT RETURNS As of and for the year ended April 30, 2016

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	6.62%	-1.01%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF PROSPECT HEIGHTS

OTHER POSTEMPLOYMENT BENEFIT PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
 As of and For the Year Ended April 30, 2016

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
4/30/16	\$ 78,742	68.7 %
4/30/15	75,713	68.0
4/30/14	41,673	48.8

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
4/30/15	\$ -	\$ 1,178,108	\$ 1,178,108	0%	\$ 3,055,780	39%
4/30/12	-	1,012,861	1,012,861	0%	2,321,945	44%
4/30/09	-	3,205,477	3,205,477	0%	2,993,051	107%

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

Change in Assumptions

The change in City's unfunded actuarial accrued OPEB liability starting with the 4/30/12 valuation is due to the reduction of the percentage of active employees assumed to elect benefit reduced to 20% to better align with the City's experience.

CITY OF PROSPECT HEIGHTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended April 30, 2016

BUDGETARY INFORMATION

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

SUPPLEMENTARY INFORMATION

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
Property	\$ 308,996	\$ 315,968	\$ 322,110	\$ 6,142
Local use	300,000	360,883	377,196	16,313
Utility	911,580	882,489	918,980	36,491
Local sales tax	301,000	269,114	271,344	2,230
Places for eating	310,862	288,227	306,113	17,886
Other	<u>206,100</u>	<u>212,933</u>	<u>241,802</u>	<u>28,869</u>
Total Taxes	<u>2,338,538</u>	<u>2,329,614</u>	<u>2,437,545</u>	<u>107,931</u>
INTERGOVERNMENTAL				
Income tax	1,609,344	1,706,880	1,662,974	(43,906)
Grants	75,079	101,079	89,569	(11,510)
State sales tax	1,051,977	852,121	828,941	(23,180)
Personal property replacement tax	1,630	1,892	1,760	(132)
Other	<u>100,500</u>	<u>141,248</u>	<u>155,822</u>	<u>14,574</u>
Total Intergovernmental	<u>2,838,530</u>	<u>2,803,220</u>	<u>2,739,066</u>	<u>(64,154)</u>
LICENSES AND PERMITS				
Vehicle stickers	690,280	690,280	729,127	38,847
Licenses	<u>153,815</u>	<u>161,562</u>	<u>170,110</u>	<u>8,548</u>
Total Licenses and permits	<u>844,095</u>	<u>851,842</u>	<u>899,237</u>	<u>47,395</u>
FINES, FORFEITURES AND PENALTIES				
Public safety fines and fees	<u>577,300</u>	<u>628,300</u>	<u>784,430</u>	<u>156,130</u>
Total Fines, forfeitures and penalties	<u>577,300</u>	<u>628,300</u>	<u>784,430</u>	<u>156,130</u>
CHARGES FOR SERVICE				
Franchise fees	291,500	291,500	345,250	53,750
Building revenue and fees	391,050	559,277	602,241	42,964
Public safety charges for service	<u>35,100</u>	<u>60,774</u>	<u>76,908</u>	<u>16,134</u>
Total Charges for service	<u>717,650</u>	<u>911,551</u>	<u>1,024,399</u>	<u>112,848</u>
INVESTMENT INCOME				
Investment income	<u>120,796</u>	<u>120,796</u>	<u>24,157</u>	<u>(96,639)</u>
Total Investment income	<u>120,796</u>	<u>120,796</u>	<u>24,157</u>	<u>(96,639)</u>
MISCELLANEOUS				
Reimbursable income	175,337	132,360	229,710	97,350
Miscellaneous	<u>51,045</u>	<u>28,523</u>	<u>30,225</u>	<u>1,702</u>
Total Miscellaneous	<u>226,382</u>	<u>160,883</u>	<u>259,935</u>	<u>99,052</u>
TOTAL REVENUES	<u>\$ 7,663,291</u>	<u>\$ 7,806,206</u>	<u>\$ 8,168,769</u>	<u>\$ 362,563</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
City Council and Boards				
Salaries	\$ 57,320	\$ 34,320	\$ 28,720	\$ 5,600
Pension benefits	3,825	2,066	2,047	19
Professional services	500	2,000	1,292	708
Professional development	16,700	16,700	13,530	3,170
Other expenditures	61,500	38,750	26,815	11,935
Total City Council and Boards	<u>139,845</u>	<u>93,836</u>	<u>72,404</u>	<u>21,432</u>
Administration				
Salaries	422,014	452,569	448,857	3,712
Insurance benefits	56,947	44,846	42,349	2,497
Pension benefits	85,523	87,455	87,838	(383)
Professional services	304,249	310,805	236,296	74,509
Communications	59,765	65,100	61,557	3,543
Professional development	8,600	5,600	3,635	1,965
Service charges and fees	64,000	73,300	74,136	(836)
Other contractual services	69,532	69,532	47,120	22,412
General supplies	14,770	29,100	26,954	2,146
Printed materials	500	500	103	397
Other expenditures	2,500	2,500	1,070	1,430
Total Administration	<u>1,088,400</u>	<u>1,141,307</u>	<u>1,029,915</u>	<u>111,392</u>
Engineering				
Salaries	22,201	22,201	21,847	354
Insurance benefits	7,778	7,644	7,019	625
Pension benefits	4,580	4,508	4,535	(27)
Professional services	123,000	108,000	85,537	22,463
Other contractual services	181	181	212	(31)
Total Engineering	<u>157,740</u>	<u>142,534</u>	<u>119,150</u>	<u>23,384</u>
Building Department				
Salaries	277,122	278,575	301,760	(23,185)
Insurance benefits	54,208	68,873	64,671	4,202
Pension benefits	49,553	48,975	52,821	(3,846)
Professional services	32,000	60,000	47,837	12,163
Communications	4,500	4,000	3,457	543
Professional development	1,910	1,450	459	991
Other contractual services	6,400	8,400	9,133	(733)
General supplies	5,000	5,000	3,230	1,770
Printed materials	2,100	2,500	2,101	399
Total Building Department	<u>432,793</u>	<u>477,773</u>	<u>485,469</u>	<u>(7,696)</u>
Reimbursable Expenditures				
Insurance benefits	-	3,447	8,394	(4,947)
Professional services	20,000	20,000	20,000	-
General supplies	10,000	8,000	5,454	2,546
Other expenditures	185,500	156,500	85,146	71,354
Total Reimbursable Expenditures	<u>215,500</u>	<u>187,947</u>	<u>118,994</u>	<u>68,953</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL

For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Grant expense	\$ -	\$ 8,392	\$ 8,005	\$ 387
Total General Government	<u>2,034,278</u>	<u>2,051,789</u>	<u>1,833,937</u>	<u>217,852</u>
PUBLIC SAFETY				
Salaries	2,648,379	2,657,768	2,637,264	20,504
Insurance benefits	493,624	506,958	467,727	39,231
Pension benefits	827,249	826,193	810,240	15,953
Professional services	31,600	32,200	31,153	1,047
Communications	229,677	231,177	234,599	(3,422)
Professional development	69,650	69,650	60,675	8,975
Other contractual services	171,359	176,509	179,495	(2,986)
Maintenance supplies	15,025	15,025	16,786	(1,761)
General supplies	116,250	96,250	79,463	16,787
Non-printed materials	1,060	1,060	722	338
Other expenditures	-	27,350	46,121	(18,771)
Grants	80,684	80,684	80,384	300
Total Public Safety	<u>4,684,557</u>	<u>4,720,824</u>	<u>4,644,629</u>	<u>76,195</u>
PUBLIC WORKS				
Salaries	523,868	498,975	466,705	32,270
Insurance benefits	130,358	120,951	108,544	12,407
Pension benefits	105,177	96,713	94,368	2,345
Maintenance services	70,000	66,000	58,108	7,892
Professional services	149,200	149,200	99,792	49,408
Professional development	4,000	4,000	3,180	820
Service charges and fees	11,000	11,000	10,665	335
Other contractual services	65,242	67,034	63,110	3,924
Maintenance supplies	27,000	20,500	12,906	7,594
General supplies	89,500	79,500	58,400	21,100
Total Public Works	<u>1,175,345</u>	<u>1,113,873</u>	<u>975,778</u>	<u>138,095</u>
CAPITAL OUTLAY				
General administration	2,000	2,000	611	1,389
Public works	91,000	5,000	4,180	820
Public safety	101,000	257,422	249,126	8,296
Building and improvements	640,000	864,905	837,177	27,728
Total Capital outlay	<u>834,000</u>	<u>1,129,327</u>	<u>1,091,094</u>	<u>38,233</u>
DEBT SERVICE				
Principal	130,000	130,000	130,000	-
Interest	59,496	59,496	59,424	72
Total Debt Service	<u>189,496</u>	<u>189,496</u>	<u>189,424</u>	<u>72</u>
TOTAL EXPENDITURES	<u>\$ 8,917,676</u>	<u>\$ 9,205,309</u>	<u>\$ 8,734,862</u>	<u>\$ 470,447</u>

CITY OF PROSPECT HEIGHTS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of April 30, 2016

	Motor Fuel Tax	Tourism	DEA Seizure	SWANCC	Special Service Area #1	Special Service Area #2
ASSETS						
Cash and investments	\$ 784,849	\$ 72,746	\$ 120,477	\$ 468,201	\$ 52	\$ 27,029
Receivables (net)						
Property taxes	-	-	-	-	12,913	19,351
Intergovernmental	36,996	-	-	-	-	-
Accounts	-	69,468	-	46,862	-	-
Prepaid items	-	-	14,927	27,394	60	40
	<u>\$ 821,845</u>	<u>\$ 142,214</u>	<u>\$ 135,404</u>	<u>\$ 542,457</u>	<u>\$ 13,025</u>	<u>\$ 46,420</u>
TOTAL ASSETS						
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,267	\$ 349	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	-	-	99,401	-
Total Liabilities	<u>2,267</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>99,401</u>	<u>-</u>
Deferred Inflows of Resources						
Property taxes levied for future periods	-	-	-	-	12,905	19,091
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,905</u>	<u>19,091</u>
Fund Balances (Deficit)						
Nonspendable	-	-	14,927	27,394	60	40
Restricted	819,578	141,865	120,477	-	-	27,289
Committed	-	-	-	515,063	-	-
Unassigned	-	-	-	-	(99,341)	-
Total Fund Balances (deficit)	<u>819,578</u>	<u>141,865</u>	<u>135,404</u>	<u>542,457</u>	<u>(99,281)</u>	<u>27,329</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
	<u>\$ 821,845</u>	<u>\$ 142,214</u>	<u>\$ 135,404</u>	<u>\$ 542,457</u>	<u>\$ 13,025</u>	<u>\$ 46,420</u>

Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #6 Debt	Special Service Area #6 Construction	Road Construction	Total Nonmajor Governmental Funds
\$ 362,223	\$ 19,513	\$ 68,435	\$ 200,109	\$ -	\$ -	\$ 2,123,634
12,854	26,326	60,292	116,674	-	-	248,410
-	-	-	-	-	-	36,996
-	-	-	-	-	-	116,330
<u>164</u>	<u>23</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,696</u>
<u>\$ 375,241</u>	<u>\$ 45,862</u>	<u>\$ 128,815</u>	<u>\$ 316,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,568,066</u>
\$ 330	\$ -	\$ 288	\$ -	\$ -	\$ -	\$ 3,234
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,401</u>
<u>330</u>	<u>-</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,635</u>
<u>12,619</u>	<u>26,325</u>	<u>60,230</u>	<u>116,130</u>	<u>-</u>	<u>-</u>	<u>247,300</u>
<u>12,619</u>	<u>26,325</u>	<u>60,230</u>	<u>116,130</u>	<u>-</u>	<u>-</u>	<u>247,300</u>
164	23	88	-	-	-	42,696
362,128	19,514	68,209	200,653	-	-	1,759,713
-	-	-	-	-	-	515,063
-	-	-	-	-	-	(99,341)
<u>362,292</u>	<u>19,537</u>	<u>68,297</u>	<u>200,653</u>	<u>-</u>	<u>-</u>	<u>2,218,131</u>
<u>\$ 375,241</u>	<u>\$ 45,862</u>	<u>\$ 128,815</u>	<u>\$ 316,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,568,066</u>

CITY OF PROSPECT HEIGHTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended April 30, 2016

	Motor Fuel Tax	Tourism	DEA Seizure	SWANCC	Special Service Area #1	Special Service Area #2
REVENUES						
Taxes	\$ -	\$ 811,689	\$ -	\$ -	\$ 27,505	\$ 44,355
Intergovernmental	416,321	-	50,837	-	-	-
Charges for services	-	-	-	562,024	-	-
Investment income	903	538	221	384	-	14
Total Revenues	<u>417,224</u>	<u>812,227</u>	<u>51,058</u>	<u>562,408</u>	<u>27,505</u>	<u>44,369</u>
EXPENDITURES						
Current						
General government	-	911,782	-	376,284	-	-
Public safety	-	-	8,760	-	-	-
Public works	82,194	-	-	-	1,789	1,601
Capital outlay	36,004	-	405,808	-	-	4,995
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>118,198</u>	<u>911,782</u>	<u>414,568</u>	<u>376,284</u>	<u>1,789</u>	<u>6,596</u>
Excess (deficiency) of revenues over expenditures	<u>299,026</u>	<u>(99,555)</u>	<u>(363,510)</u>	<u>186,124</u>	<u>25,716</u>	<u>37,773</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(179,770)	(454,944)	-	(121,490)	(32,840)	(33,360)
Total Other Financing Sources (Uses)	<u>(179,770)</u>	<u>(454,944)</u>	<u>-</u>	<u>(121,490)</u>	<u>(32,840)</u>	<u>(33,360)</u>
Net Change in Fund Balances	119,256	(554,499)	(363,510)	64,634	(7,124)	4,413
FUND BALANCES (DEFICIT) - Beginning of Year	<u>700,322</u>	<u>696,364</u>	<u>498,914</u>	<u>477,823</u>	<u>(92,157)</u>	<u>22,916</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 819,578</u>	<u>\$ 141,865</u>	<u>\$ 135,404</u>	<u>\$ 542,457</u>	<u>\$ (99,281)</u>	<u>\$ 27,329</u>

Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #6 Debt	Special Service Area #6 Construction	Road Construction	Total Nonmajor Governmental Funds
\$ 23,699	\$ 40,645	\$ 5,850	\$ 251,982	\$ -	\$ -	\$ 1,205,725
-	-	-	-	-	-	467,158
-	-	-	-	-	-	562,024
212	12	97	69	6	360	2,816
<u>23,911</u>	<u>40,657</u>	<u>5,947</u>	<u>252,051</u>	<u>6</u>	<u>360</u>	<u>2,237,723</u>
-	-	-	-	-	-	1,288,066
-	-	-	-	-	-	8,760
3,298	1,400	5,908	-	1,245	-	97,435
10,000	5,000	153,854	-	-	306,448	922,109
-	-	-	110,000	-	-	110,000
-	-	-	130,202	-	-	130,202
<u>13,298</u>	<u>6,400</u>	<u>159,762</u>	<u>240,202</u>	<u>1,245</u>	<u>306,448</u>	<u>2,556,572</u>
<u>10,613</u>	<u>34,257</u>	<u>(153,815)</u>	<u>11,849</u>	<u>(1,239)</u>	<u>(306,088)</u>	<u>(318,849)</u>
<u>(46,950)</u>	<u>(33,340)</u>	<u>(47,460)</u>	<u>-</u>	<u>(27,204)</u>	<u>-</u>	<u>(977,358)</u>
<u>(46,950)</u>	<u>(33,340)</u>	<u>(47,460)</u>	<u>-</u>	<u>(27,204)</u>	<u>-</u>	<u>(977,358)</u>
(36,337)	917	(201,275)	11,849	(28,443)	(306,088)	(1,296,207)
<u>398,629</u>	<u>18,620</u>	<u>269,572</u>	<u>188,804</u>	<u>28,443</u>	<u>306,088</u>	<u>3,514,338</u>
<u>\$ 362,292</u>	<u>\$ 19,537</u>	<u>\$ 68,297</u>	<u>\$ 200,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,218,131</u>

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor fuel tax	\$ 386,893	\$ 419,405	\$ 415,810	\$ (3,595)
Grants	-	-	511	511
Investment income	60	200	903	703
Total Revenues	<u>386,953</u>	<u>419,605</u>	<u>417,224</u>	<u>(2,381)</u>
EXPENDITURES				
PUBLIC WORKS				
Ice control maintenance	50,000	50,000	44,572	5,428
Miscellaneous	<u>30,000</u>	<u>30,000</u>	<u>37,622</u>	<u>(7,622)</u>
Total public works	<u>80,000</u>	<u>80,000</u>	<u>82,194</u>	<u>(2,194)</u>
CAPITAL OUTLAY				
Capital outlay	<u>350,000</u>	<u>350,000</u>	<u>36,004</u>	<u>313,996</u>
Total Expenditures	<u>430,000</u>	<u>430,000</u>	<u>118,198</u>	<u>311,802</u>
Excess of revenues over expenditures	<u>(43,047)</u>	<u>(10,395)</u>	<u>299,026</u>	<u>309,421</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(295,200)</u>	<u>(246,100)</u>	<u>(179,770)</u>	<u>66,330</u>
Total Other Financing Sources (Uses)	<u>(295,200)</u>	<u>(246,100)</u>	<u>(179,770)</u>	<u>66,330</u>
Net Change in Fund Balance	<u>\$ (338,247)</u>	<u>\$ (256,495)</u>	119,256	<u>\$ 375,751</u>
FUND BALANCE - Beginning of Year			<u>700,322</u>	
FUND BALANCE - END OF YEAR			<u>\$ 819,578</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TOURISM - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Hotel	\$ 711,200	\$ 750,000	\$ 811,689	\$ 61,689
Investment income	348	348	538	190
Total Revenues	<u>711,548</u>	<u>750,348</u>	<u>812,227</u>	<u>61,879</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	365,973	521,350	484,122	37,228
Professional development	63,000	63,000	63,000	-
Other expenditures	<u>389,764</u>	<u>389,764</u>	<u>364,660</u>	<u>25,104</u>
Total General Government	<u>818,737</u>	<u>974,114</u>	<u>911,782</u>	<u>62,332</u>
Total Expenditures	<u>818,737</u>	<u>974,114</u>	<u>911,782</u>	<u>62,332</u>
Excess of revenues over expenditures	<u>(107,189)</u>	<u>(223,766)</u>	<u>(99,555)</u>	<u>124,211</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(462,464)</u>	<u>(454,764)</u>	<u>(454,944)</u>	<u>(180)</u>
Total Other Financing Sources (Uses)	<u>(462,464)</u>	<u>(454,764)</u>	<u>(454,944)</u>	<u>(180)</u>
Net Change in Fund Balance	<u>\$ (569,653)</u>	<u>\$ (678,530)</u>	(554,499)	<u>\$ 124,031</u>
FUND BALANCE - Beginning of Year			<u>696,364</u>	
FUND BALANCE - END OF YEAR			<u>\$ 141,865</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEA SEIZURE - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 50,837	\$ 50,837
Investment income	-	-	221	221
Total Revenues	<u>-</u>	<u>-</u>	<u>51,058</u>	<u>51,058</u>
EXPENDITURES				
PUBLIC SAFETY				
Salaries	20,000	20,000	-	20,000
Professional services	1,223	10,223	2,630	7,593
Professional development	9,400	9,400	5,208	4,192
General supplies	<u>22,000</u>	<u>3,000</u>	<u>922</u>	<u>2,078</u>
Total Public Safety	<u>52,623</u>	<u>42,623</u>	<u>8,760</u>	<u>33,863</u>
CAPITAL OUTLAY				
Capital outlay	<u>89,000</u>	<u>390,204</u>	<u>405,808</u>	<u>(15,604)</u>
Total Expenditures	<u>141,623</u>	<u>432,827</u>	<u>414,568</u>	<u>18,259</u>
Net Change in Fund Balance	<u>\$ (141,623)</u>	<u>\$ (432,827)</u>	(363,510)	<u>\$ 69,317</u>
FUND BALANCE - Beginning of Year			<u>498,914</u>	
FUND BALANCE - END OF YEAR			<u>\$ 135,404</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SWANCC - NONMAJOR SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for service	\$ 567,100	\$ 567,100	\$ 562,024	\$ (5,076)
Investment income	191	210	384	174
Total Revenues	<u>567,291</u>	<u>567,310</u>	<u>562,408</u>	<u>(4,902)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administration				
Service charges and fees	<u>415,656</u>	<u>380,500</u>	<u>370,079</u>	<u>10,421</u>
City Council and Boards				
Professional services	<u>1,193</u>	<u>7,193</u>	<u>6,205</u>	<u>988</u>
Total General Government	<u>416,849</u>	<u>387,693</u>	<u>376,284</u>	<u>11,409</u>
Total Expenditures	<u>416,849</u>	<u>387,693</u>	<u>376,284</u>	<u>11,409</u>
Excess of revenues over expenditures	<u>150,442</u>	<u>179,617</u>	<u>186,124</u>	<u>6,507</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(124,000)</u>	<u>(122,000)</u>	<u>(121,490)</u>	<u>510</u>
Total Other Financing Sources (Uses)	<u>(124,000)</u>	<u>(122,000)</u>	<u>(121,490)</u>	<u>510</u>
Net Change in Fund Balance	<u>\$ 26,442</u>	<u>\$ 57,617</u>	64,634	<u>\$ 7,017</u>
FUND BALANCE - Beginning of Year			<u>477,823</u>	
FUND BALANCE - END OF YEAR			<u>\$ 542,457</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #1 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 28,300	\$ 28,500	\$ 27,505	\$ (995)
Investment income	-	2	-	(2)
Total Revenues	<u>28,300</u>	<u>28,502</u>	<u>27,505</u>	<u>(997)</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,147	1,147	1,127	20
Other contractual services	<u>586</u>	<u>650</u>	<u>662</u>	<u>(12)</u>
Total Public Works	<u>1,733</u>	<u>1,797</u>	<u>1,789</u>	<u>8</u>
Total Expenditures	<u>1,733</u>	<u>1,797</u>	<u>1,789</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,567</u>	<u>26,705</u>	<u>25,716</u>	<u>(989)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(41,700)</u>	<u>(33,500)</u>	<u>(32,840)</u>	<u>660</u>
Total Other Financing Sources (Uses)	<u>(41,700)</u>	<u>(33,500)</u>	<u>(32,840)</u>	<u>660</u>
Net Change in Fund Balance	<u>\$ (15,133)</u>	<u>\$ (6,795)</u>	(7,124)	<u>\$ (329)</u>
FUND BALANCE - (DEFICIT) Beginning of Year			<u>(92,157)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (99,281)</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #2 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 44,200	\$ 45,500	\$ 44,355	\$ (1,145)
Investment income	598	8	14	6
Total Revenues	<u>44,798</u>	<u>45,508</u>	<u>44,369</u>	<u>(1,139)</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,181	1,181	1,160	21
Other contractual services	<u>391</u>	<u>450</u>	<u>441</u>	<u>9</u>
Total Public Works	<u>1,572</u>	<u>1,631</u>	<u>1,601</u>	<u>30</u>
CAPITAL OUTLAY				
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>4,995</u>	<u>5</u>
Total Expenditures	<u>6,572</u>	<u>6,631</u>	<u>6,596</u>	<u>35</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,226</u>	<u>38,877</u>	<u>37,773</u>	<u>(1,104)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(43,300)</u>	<u>(34,800)</u>	<u>(33,360)</u>	<u>1,440</u>
Total Other Financing Sources (Uses)	<u>(43,300)</u>	<u>(34,800)</u>	<u>(33,360)</u>	<u>1,440</u>
Net Change in Fund Balance	<u>\$ (5,074)</u>	<u>\$ 4,077</u>	4,413	<u>\$ 336</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>22,916</u>	
FUND BALANCE - END OF YEAR			<u>\$ 27,329</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #3 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 22,000	\$ 24,100	\$ 23,699	\$ (401)
Investment income	439	100	212	112
Miscellaneous	21	21	-	(21)
Total Revenues	<u>22,460</u>	<u>24,221</u>	<u>23,911</u>	<u>(310)</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,192	1,192	1,501	(309)
Other contractual services	1,591	1,800	1,797	3
Total Public Works	<u>2,783</u>	<u>2,992</u>	<u>3,298</u>	<u>(306)</u>
CAPITAL OUTLAY				
Capital outlay	15,000	15,000	10,000	5,000
Total Expenditures	<u>17,783</u>	<u>17,992</u>	<u>13,298</u>	<u>4,694</u>
Excess of revenues over expenditures	<u>4,677</u>	<u>6,229</u>	<u>10,613</u>	<u>4,384</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(53,000)	(48,800)	(46,950)	1,850
Total Other Financing Sources (Uses)	<u>(53,000)</u>	<u>(48,800)</u>	<u>(46,950)</u>	<u>1,850</u>
Net Change in Fund Balance	<u>\$ (48,323)</u>	<u>\$ (42,571)</u>	(36,337)	<u>\$ 6,234</u>
FUND BALANCE - Beginning of Year			<u>398,629</u>	
FUND BALANCE - END OF YEAR			<u>\$ 362,292</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #4 - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 40,000	\$ 40,000	\$ 40,645	\$ 645
Investment income	21	10	12	2
Total Revenues	<u>40,021</u>	<u>40,010</u>	<u>40,657</u>	<u>647</u>
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,169	1,169	1,148	21
Other contractual services	<u>223</u>	<u>250</u>	<u>252</u>	<u>(2)</u>
Total Public Works	<u>1,392</u>	<u>1,419</u>	<u>1,400</u>	<u>19</u>
CAPITAL OUTLAY				
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	<u>6,392</u>	<u>6,419</u>	<u>6,400</u>	<u>19</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,629</u>	<u>33,591</u>	<u>34,257</u>	<u>666</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(42,900)</u>	<u>(35,200)</u>	<u>(33,340)</u>	<u>1,860</u>
Total Other Financing Sources (Uses)	<u>(42,900)</u>	<u>(35,200)</u>	<u>(33,340)</u>	<u>1,860</u>
Net Change in Fund Balance	<u>\$ (9,271)</u>	<u>\$ (1,609)</u>	917	<u>\$ 2,526</u>
FUND BALANCE - Beginning of Year			<u>18,620</u>	
FUND BALANCE - END OF YEAR			<u>\$ 19,537</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #5 - NONMAJOR SPECIAL
 REVENUE FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 6,000	\$ 65,700	\$ 5,850	\$ (59,850)
Investment income	341	75	97	22
Total Revenues	<u>6,341</u>	<u>65,775</u>	<u>5,947</u>	<u>(59,828)</u>
EXPENDITURES				
PUBLIC WORKS				
Maintenance services	5,000	5,000	3,705	1,295
Professional services	11,264	11,264	1,242	10,022
Other contractual services	<u>1,058</u>	<u>1,058</u>	<u>961</u>	<u>97</u>
Total Public Works	<u>17,322</u>	<u>17,322</u>	<u>5,908</u>	<u>11,414</u>
CAPITAL OUTLAY				
Capital outlay	<u>125,542</u>	<u>155,000</u>	<u>153,854</u>	<u>1,146</u>
Total Expenditures	<u>142,864</u>	<u>172,322</u>	<u>159,762</u>	<u>12,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,523)</u>	<u>(106,547)</u>	<u>(153,815)</u>	<u>(47,268)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(54,900)</u>	<u>(48,700)</u>	<u>(47,460)</u>	<u>1,240</u>
Total Other Financing Sources (Uses)	<u>(54,900)</u>	<u>(48,700)</u>	<u>(47,460)</u>	<u>1,240</u>
Net Change in Fund Balance	<u>\$ (191,423)</u>	<u>\$ (155,247)</u>	(201,275)	<u>\$ (46,028)</u>
FUND BALANCE - Beginning of Year			<u>269,572</u>	
FUND BALANCE - END OF YEAR			<u>\$ 68,297</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #6 DEBT - NONMAJOR DEBT
 SERVICE FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 239,753	\$ 238,503	\$ 251,982	\$ 13,479
Investment income	25	50	69	19
Total Revenues	239,778	238,553	252,051	13,498
EXPENDITURES				
DEBT SERVICE				
Principal	110,000	110,000	110,000	-
Interest	130,203	130,203	130,202	1
Total Debt Service	240,203	240,203	240,202	1
Total Expenditures	240,203	240,203	240,202	1
Net Change in Fund Balance	\$ (425)	\$ (1,650)	11,849	\$ 13,499
FUND BALANCE - Beginning of Year			188,804	
FUND BALANCE - END OF YEAR			\$ 200,653	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SERVICE AREA #6 CONSTRUCTION - NONMAJOR
 CAPITAL PROJECTS FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 150	\$ 6	\$ 6	\$ -
Total Revenues	150	6	6	-
EXPENDITURES				
PUBLIC WORKS				
Professional services	1,729	1,729	1,245	484
Total Expenditures	1,729	1,729	1,245	484
Excess (deficiency) of revenues over (under) expenditures	(1,579)	(1,723)	(1,239)	484
OTHER FINANCING SOURCES (USES)				
Transfers out	(66,300)	(27,204)	(27,204)	-
Total Other Financing Sources (Uses)	(66,300)	(27,204)	(27,204)	-
Net Change in Fund Balance	\$ (67,879)	\$ (28,927)	(28,443)	\$ 484
FUND BALANCE - Beginning of Year			28,443	
FUND BALANCE - END OF YEAR			\$ -	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - ROAD CONSTRUCTION - NONMAJOR CAPITAL PROJECTS
 FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ 360	\$ 360	\$ -
Total Revenues	-	360	360	-
EXPENDITURES				
CAPITAL OUTLAY				
Capital outlay	114,000	317,260	306,448	10,812
Total Expenditures	114,000	317,260	306,448	10,812
Net Change in Fund Balance	\$ (114,000)	\$ (316,900)	(306,088)	\$ 10,812
FUND BALANCE - Beginning of Year			306,088	
FUND BALANCE - END OF YEAR			\$ -	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - PALATINE/MILWAUKEE TIF - MAJOR DEBT SERVICE FUND
For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 510,798	\$ 392,994	\$ 304,353	\$ (88,641)
Investment income	1,063	52	159	107
Total Revenues	<u>511,861</u>	<u>393,046</u>	<u>304,512</u>	<u>(88,534)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	13,847	18,847	9,806	9,041
Service charges and fees	850	850	850	-
Other contractual services	100,000	100,391	100,000	391
Total General Government	<u>114,697</u>	<u>120,088</u>	<u>110,656</u>	<u>9,432</u>
DEBT SERVICE				
Principal	420,000	420,000	420,000	-
Interest	66,885	66,885	66,886	(1)
Total Debt Service	<u>486,885</u>	<u>486,885</u>	<u>486,886</u>	<u>(1)</u>
CAPITAL OUTLAY				
Capital outlay	335,000	171,824	139,058	32,766
Total Capital Outlay	<u>335,000</u>	<u>171,824</u>	<u>139,058</u>	<u>32,766</u>
Total Expenditures	<u>936,582</u>	<u>778,797</u>	<u>736,600</u>	<u>42,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(424,721)</u>	<u>(385,751)</u>	<u>(432,088)</u>	<u>(46,337)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(82,000)	(77,800)	(73,510)	4,290
Total Other Financing Sources (Uses)	<u>(82,000)</u>	<u>(77,800)</u>	<u>(73,510)</u>	<u>4,290</u>
Net Change in Fund Balance	<u>\$ (506,721)</u>	<u>\$ (463,551)</u>	(505,598)	<u>\$ (42,047)</u>
FUND BALANCE - Beginning of Year			<u>314,017</u>	
FUND BALANCE - END OF YEAR			<u>\$ (191,581)</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - ROAD CONSTRUCTION DEBT - MAJOR DEBT SERVICE
 FUND
 For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property	\$ 1,303,335	\$ 1,297,710	\$ 1,336,718	\$ 39,008
Investment income	-	-	67	67
Total Revenues	<u>1,303,335</u>	<u>1,297,710</u>	<u>1,336,785</u>	<u>39,075</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Service charges and fees	2,700	2,700	1,250	1,450
Professional services	<u>2,377</u>	<u>1,500</u>	<u>623</u>	<u>877</u>
Total General Government	<u>5,077</u>	<u>4,200</u>	<u>1,873</u>	<u>2,327</u>
DEBT SERVICE				
Principal	960,000	960,000	960,000	-
Interest	<u>343,335</u>	<u>343,335</u>	<u>343,335</u>	<u>-</u>
Total Debt Service	<u>1,303,335</u>	<u>1,303,335</u>	<u>1,303,335</u>	<u>-</u>
Total Expenditures	<u>1,308,412</u>	<u>1,307,535</u>	<u>1,305,208</u>	<u>2,327</u>
Net Change in Fund Balance	<u>\$ (5,077)</u>	<u>\$ (9,825)</u>	31,577	<u>\$ 41,402</u>
FUND BALANCE - Beginning of Year			<u>783,635</u>	
FUND BALANCE - END OF YEAR			<u>\$ 815,212</u>	

CITY OF PROSPECT HEIGHTS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEVELOPMENT - MAJOR CAPITAL PROJECTS FUND
For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 3	\$ 93	\$ 205	\$ 112
Total Revenues	<u>3</u>	<u>93</u>	<u>205</u>	<u>112</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Professional services	301,213	16,213	2,960	13,253
Service charges and fees	450	450	450	-
Other contractual services	-	13,988	13,988	-
Total General Government	<u>301,663</u>	<u>30,651</u>	<u>17,398</u>	<u>13,253</u>
DEBT SERVICE				
Principal	4,700,000	4,700,000	4,700,000	-
Interest	219,688	184,127	146,875	37,252
Total Debt Service	<u>4,919,688</u>	<u>4,884,127</u>	<u>4,846,875</u>	<u>37,252</u>
Total Expenditures	<u>5,221,351</u>	<u>4,914,778</u>	<u>4,864,273</u>	<u>50,505</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issued	3,350,000	-	-	-
Transfers in	2,000,000	-	-	-
Total Other Financing Sources (Uses)	<u>5,350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 128,652</u>	<u>\$ (4,914,685)</u>	(4,864,068)	<u>\$ 50,617</u>
FUND BALANCE - Beginning of Year			<u>2,662,210</u>	
FUND BALANCE - END OF YEAR			<u>\$ (2,201,858)</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL WATER - MAJOR ENTERPRISE FUND For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for service	\$ <u>811,193</u>	\$ <u>811,193</u>	\$ <u>792,795</u>	\$ <u>(18,398)</u>
Total Operating Revenues	<u>811,193</u>	<u>811,193</u>	<u>792,795</u>	<u>(18,398)</u>
OPERATING EXPENSES				
Operations and maintenance				
Salaries	81,145	81,750	81,286	464
Insurance benefits	23,895	24,388	25,592	(1,204)
Pension benefits	16,741	16,601	16,810	(209)
Maintenance services	51,800	51,800	29,341	22,459
Professional services	83,191	28,191	21,908	6,283
Communications	4,600	4,600	2,133	2,467
Professional development	4,050	4,550	3,331	1,219
Service charges and fees	313,810	313,810	223,197	90,613
Other contractual services	34,765	35,048	31,207	3,841
General supplies	14,500	14,500	3,240	11,260
Other	<u>800</u>	<u>65,800</u>	<u>-</u>	<u>65,800</u>
Total operations and maintenance	<u>629,297</u>	<u>641,038</u>	<u>438,045</u>	<u>202,993</u>
Depreciation expense	<u>118,000</u>	<u>118,000</u>	<u>123,657</u>	<u>(5,657)</u>
Total Operating Expenses	<u>747,297</u>	<u>759,038</u>	<u>561,702</u>	<u>197,336</u>
Operating Income	<u>63,896</u>	<u>52,155</u>	<u>231,093</u>	<u>178,938</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	3,000	3,000	4,589	1,589
Miscellaneous	-	-	(114)	(114)
Debt service	<u>(27,510)</u>	<u>(27,510)</u>	<u>(27,510)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(24,510)</u>	<u>(24,510)</u>	<u>(23,035)</u>	<u>1,475</u>
Net Income Before Transfers	<u>39,386</u>	<u>27,645</u>	<u>208,058</u>	<u>180,413</u>

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER - MAJOR ENTERPRISE FUND
For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TRANSFERS				
Transfers out	\$ <u>(178,000)</u>	\$ <u>(210,000)</u>	\$ <u>(194,650)</u>	\$ <u>15,350</u>
Net Transfers	<u>(178,000)</u>	<u>(210,000)</u>	<u>(194,650)</u>	<u>15,350</u>
 Change in net position	 \$ <u>(138,614)</u>	 \$ <u>(182,355)</u>	 13,408	 \$ <u>195,763</u>
 NET POSITION - Beginning of Year (as restated)			 <u>4,802,151</u>	
 NET POSITION - END OF YEAR			 \$ <u>4,815,559</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
 PARKING - MAJOR ENTERPRISE FUND
 For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ <u>64,000</u>	\$ <u>64,000</u>	\$ <u>70,417</u>	\$ <u>6,417</u>
Total Operating Revenues	<u>64,000</u>	<u>64,000</u>	<u>70,417</u>	<u>6,417</u>
OPERATING EXPENSES				
Operations and Maintenance				
Professional services	2,736	6,736	6,499	237
Service charges and fees	11,000	11,000	9,805	1,195
Other contractual services	25,620	25,620	21,196	4,424
Maintenance supplies	500	500	-	500
General supplies	2,000	2,000	800	1,200
Other	<u>250</u>	<u>250</u>	<u>35</u>	<u>215</u>
Total operations and maintenance	<u>42,106</u>	<u>46,106</u>	<u>38,335</u>	<u>7,771</u>
Depreciation expense	<u>32,136</u>	<u>32,136</u>	<u>32,136</u>	<u>-</u>
Total Operating Expenses	<u>74,242</u>	<u>78,242</u>	<u>70,471</u>	<u>7,771</u>
Operating (Loss)	<u>(10,242)</u>	<u>(14,242)</u>	<u>(54)</u>	<u>14,188</u>
NON-OPERATING REVENUES				
Investment income	-	7	8	1
Grants	<u>-</u>	<u>-</u>	<u>17,814</u>	<u>17,814</u>
Total Non-Operating Revenues	<u>-</u>	<u>7</u>	<u>17,822</u>	<u>17,815</u>
Net Income (Loss) Before Transfers	<u>(10,242)</u>	<u>(14,235)</u>	<u>17,768</u>	<u>32,003</u>
TRANSFERS				
Transfers out	\$ <u>(23,000)</u>	\$ <u>(26,000)</u>	\$ <u>(23,170)</u>	\$ <u>2,830</u>
Net Transfers	<u>(23,000)</u>	<u>(26,000)</u>	<u>(23,170)</u>	<u>2,830</u>
Change in net position	<u>\$ (33,242)</u>	<u>\$ (40,235)</u>	(5,402)	<u>\$ 34,833</u>
NET POSITION - Beginning of Year			<u>261,068</u>	
NET POSITION - END OF YEAR			<u>\$ 255,666</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SEWER - NONMAJOR ENTERPRISE FUND For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ -	\$ 320,138	\$ 316,027	\$ (4,111)
Total Operating Revenues	<u>-</u>	<u>320,138</u>	<u>316,027</u>	<u>(4,111)</u>
OPERATING EXPENSES				
Operations and Maintenance				
Salaries	-	6,688	2,440	4,248
Insurance benefits	-	541	-	541
Pension benefits	-	1,358	6,392	(5,034)
Maintenance services	-	25,000	12,777	12,223
Professional services	-	25,000	13,835	11,165
Communications	-	4,540	3,772	768
Other contractual services	-	75	75	-
Other	-	141,000	-	141,000
Total operations and maintenance	<u>-</u>	<u>204,202</u>	<u>39,291</u>	<u>164,911</u>
Total Operating Expenses	<u>-</u>	<u>204,202</u>	<u>39,291</u>	<u>164,911</u>
Operating Income	<u>-</u>	<u>115,936</u>	<u>276,736</u>	<u>160,800</u>
TRANSFERS				
Transfers out	<u>-</u>	<u>(76,000)</u>	<u>(65,600)</u>	<u>(10,400)</u>
Net Transfers	<u>-</u>	<u>(76,000)</u>	<u>(65,600)</u>	<u>(10,400)</u>
Change in net position	<u>\$ -</u>	<u>\$ 39,936</u>	211,136	<u>\$ 171,200</u>
NET POSITION (DEFICIT)-				
Beginning of Year (as restated)			<u>(22,031)</u>	
NET POSITION - END OF YEAR			<u>\$ 189,105</u>	

CITY OF PROSPECT HEIGHTS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION - BUDGET AND
ACTUAL
POLICE - PENSION TRUST FUND
For the Year Ended April 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Additions				
Contributions				
Employer	\$ 703,544	\$ 710,613	\$ 715,486	\$ 4,873
Plan members	<u>231,219</u>	<u>231,219</u>	<u>194,882</u>	<u>(36,337)</u>
Total contributions	<u>934,763</u>	<u>941,832</u>	<u>910,368</u>	<u>(31,464)</u>
Investment Income				
Interest and dividends	243,574	243,574	267,482	23,908
Net appreciation (depreciation) in fair value of investments	<u>-</u>	<u>-</u>	<u>(364,079)</u>	<u>(364,079)</u>
Total investment income	243,574	243,574	(96,597)	(340,171)
Less Investment expense	<u>22,647</u>	<u>22,647</u>	<u>26,189</u>	<u>3,542</u>
Net investment income	<u>220,927</u>	<u>220,927</u>	<u>(122,786)</u>	<u>(343,713)</u>
Total additions	<u>1,155,690</u>	<u>1,162,759</u>	<u>787,582</u>	<u>(375,177)</u>
Deductions				
Professional fees	32,500	32,500	27,633	4,867
State filing fee	2,500	2,500	2,305	195
Other	2,500	2,500	2,828	(328)
Disability benefits	116,564	80,307	79,513	794
Pension benefits	<u>189,579</u>	<u>222,317</u>	<u>242,883</u>	<u>(20,566)</u>
Total deductions	<u>343,643</u>	<u>340,124</u>	<u>355,162</u>	<u>(15,038)</u>
Change in net position	<u>\$ 812,047</u>	<u>\$ 822,635</u>	432,420	<u>\$ (390,215)</u>
Net position, beginning of year			<u>12,327,713</u>	
Net position, end of year			<u>\$ 12,760,133</u>	

See accompanying notes to financial statements.

CITY OF PROSPECT HEIGHTS

PALATINE/MILWAUKEE TIF LOAN SERIES 2004
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2016

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	Requirements		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 445,000	\$ 46,305	\$ 491,305
2018	500,000	24,500	524,500
TOTAL	\$ 945,000	\$ 70,805	\$ 1,015,805

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2008
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2016

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 135,000	\$ 53,871	\$ 188,871
2018	140,000	48,030	188,030
2019	145,000	41,972	186,972
2020	150,000	35,698	185,698
2021	160,000	29,207	189,207
2022	165,000	22,284	187,284
2023	170,000	15,145	185,145
2024	180,000	7,789	187,789
TOTAL	\$ 1,245,000	\$ 253,995	\$ 1,498,995

CITY OF PROSPECT HEIGHTS

SPECIAL SERVICE AREA #6 BONDS SERIES 2009 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS APRIL 30, 2016

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 115,000	\$ 124,253	\$ 239,253
2018	120,000	118,503	238,503
2019	125,000	112,142	237,142
2020	135,000	105,517	240,517
2021	140,000	98,363	238,363
2022	150,000	90,383	240,383
2023	160,000	81,833	241,833
2024	170,000	72,712	242,712
2025	180,000	62,512	242,512
2026	190,000	51,713	241,713
2027	200,000	40,313	240,313
2028	215,000	27,813	242,813
2029	230,000	14,375	244,375
TOTAL	\$ 2,130,000	\$ 1,000,432	\$ 3,130,432

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2010
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2016

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 55,000	\$ 25,510	\$ 80,510
2018	55,000	23,310	78,310
2019	55,000	21,110	76,110
2020	60,000	18,910	78,910
2021	60,000	16,390	76,390
2022	65,000	13,750	78,750
2023	70,000	10,760	80,760
2024	70,000	7,400	77,400
2025	75,000	3,900	78,900
TOTAL	\$ 565,000	\$ 141,040	\$ 706,040

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2011A
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2016

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 295,000	\$ 145,450	\$ 440,450
2018	305,000	138,075	443,075
2019	315,000	128,924	443,924
2020	325,000	119,475	444,475
2021	340,000	108,100	448,100
2022	355,000	96,200	451,200
2023	370,000	82,000	452,000
2024	390,000	67,200	457,200
2025	410,000	51,600	461,600
2026	430,000	35,200	465,200
2027	450,000	18,000	468,000
TOTAL	\$ 3,985,000	\$ 990,224	\$ 4,975,224

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2012
 SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
 APRIL 30, 2016

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 320,000	\$ 87,528	\$ 407,528
2018	325,000	81,128	406,128
2019	335,000	74,628	409,628
2020	345,000	67,928	412,928
2021	355,000	61,028	416,028
2022	365,000	53,928	418,928
2023	375,000	46,628	421,628
2024	390,000	39,128	429,128
2025	405,000	30,353	435,353
2026	415,000	20,835	435,835
2027	435,000	10,875	445,875
TOTAL	\$ 4,065,000	\$ 573,983	\$ 4,638,983

CITY OF PROSPECT HEIGHTS

GENERAL OBLIGATION DEBT CERTIFICATES SERIES 2013
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
APRIL 30, 2016

Date of Contract: April 30, 2013
 Date of Maturity: December 15, 2026
 Amount of Contract: \$5,000,000
 Interest Rates: 2.0% to 2.5%
 Interest Dates: June 15 and December 15
 Payable to: U.S. Bank, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 360,000	\$ 89,733	\$ 449,733
2018	365,000	82,533	447,533
2019	370,000	75,233	445,233
2020	380,000	67,833	447,833
2021	385,000	60,233	445,233
2022	390,000	52,533	442,533
2023	400,000	44,733	444,733
2024	410,000	36,733	446,733
2025	420,000	28,534	448,534
2026	430,000	20,134	450,134
2027	445,000	10,459	455,459
TOTAL	\$ 4,355,000	\$ 568,687	\$ 4,923,687

City of Prospect Heights

Index for Statistical Section
April 30, 2016

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

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Financial Trends

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

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City of Prospect Heights

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April 30, 2015

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

(Concluded)

City of Prospect Heights

SCHEDULE OF NET POSITION Last Ten Fiscal Years

Fiscal Year Ended April 30th	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 19,093,542	\$ 20,236,294	\$ 17,827,678	\$ 17,505,641	\$ 16,968,210	\$ 16,599,408	\$ 15,382,392	\$ 14,535,816	\$ 16,150,710	\$ 17,523,954
Restricted	10,833,196	4,364,075	6,105,434	6,274,195	6,346,248	5,597,845	4,479,708	4,916,572	3,764,297	2,391,930
Unrestricted	<u>(7,808,810)</u>	<u>(2,286,219)</u>	<u>(3,990,502)</u>	<u>(3,673,566)</u>	<u>(4,487,178)</u>	<u>(620,976)</u>	<u>2,714,558</u>	<u>6,085,044</u>	<u>54,085,418</u>	<u>48,059,501</u>
Total governmental activities net position	<u>\$ 22,117,928</u>	<u>\$ 22,314,150</u>	<u>\$ 19,942,610</u>	<u>\$ 20,106,270</u>	<u>\$ 18,827,280</u>	<u>\$ 21,576,277</u>	<u>\$ 22,576,658</u>	<u>\$ 25,537,432</u>	<u>\$ 74,000,425</u>	<u>\$ 67,975,385</u>
Business-type activities										
Net investment in capital assets	\$ 2,088,380	\$ 2,008,657	\$ 3,807,860	\$ 3,828,488	\$ 4,016,858	\$ 4,009,527	\$ 3,916,223	\$ 3,816,254	\$ 3,716,285	\$ 3,668,729
Restricted	629,541	112,906	314,191	-	-	-	-	-	-	-
Unrestricted	<u>50,217,528</u>	<u>47,347,812</u>	<u>46,499,023</u>	<u>47,750,069</u>	<u>47,716,056</u>	<u>47,992,223</u>	<u>48,245,908</u>	<u>47,901,097</u>	<u>1,382,414</u>	<u>1,591,601</u>
Total business-type activities net position	<u>\$ 52,935,449</u>	<u>\$ 49,469,375</u>	<u>\$ 50,621,074</u>	<u>\$ 51,578,557</u>	<u>\$ 51,732,914</u>	<u>\$ 52,001,750</u>	<u>\$ 52,162,131</u>	<u>\$ 51,717,351</u>	<u>\$ 5,098,699</u>	<u>\$ 5,260,330</u>
Total City										
Net investment in capital assets	\$ 21,181,922	\$ 22,244,951	\$ 21,635,538	\$ 21,334,129	\$ 20,985,068	\$ 20,608,935	\$ 19,298,615	\$ 18,352,070	\$ 19,866,995	\$ 21,192,683
Restricted	11,462,737	4,476,981	6,419,625	6,274,195	6,346,248	5,597,845	4,479,708	4,916,572	3,764,297	2,391,930
Unrestricted	<u>42,408,718</u>	<u>45,061,593</u>	<u>42,508,521</u>	<u>44,076,503</u>	<u>43,228,878</u>	<u>47,371,247</u>	<u>50,960,466</u>	<u>53,986,141</u>	<u>55,467,832</u>	<u>49,651,102</u>
Total City net position	<u>\$ 75,053,377</u>	<u>\$ 71,783,525</u>	<u>\$ 70,563,684</u>	<u>\$ 71,684,827</u>	<u>\$ 70,560,194</u>	<u>\$ 73,578,027</u>	<u>\$ 74,738,789</u>	<u>\$ 77,254,783</u>	<u>\$ 79,099,124</u>	<u>\$ 73,235,715</u>

NOTE: *The City used the cash basis of accounting for fiscal years 2001-2007. In fiscal year 2008, the City changed to the modified In FY2014-15 the City's net position for Governmental Activities and Business-Type activities has been restated to correct an error. The City had previously reported its investment in joint venture (Chicago Executive Airport) as a separate proprietary fund instead of an asset in governmental activities.*

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

SCHEDULE OF CHANGES IN NET POSITION Last Ten Fiscal Years

Fiscal Year Ended April 30th	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 3,750,986	\$ 2,732,192	\$ 3,304,442	\$ 3,030,035	\$ 2,860,587	\$ 2,412,558	\$ 2,827,609	\$ 3,015,194	\$ 3,308,818	\$ 3,378,267
Public safety	3,760,952	4,178,099	4,572,334	4,363,453	4,078,228	2,963,020	4,357,277	4,353,155	4,638,103	4,903,945
Public works	1,666,341	1,974,932	3,870,940	2,105,904	1,710,818	1,945,801	2,029,365	2,206,406	2,464,382	2,359,857
Interest on long-term debt	843,691	309,003	1,402,804	742,318	674,241	895,818	803,325	1,097,241	796,754	663,219
Total governmental activities expenses	10,021,970	9,194,226	13,150,520	10,241,710	9,323,874	8,217,197	10,017,576	10,671,996	11,208,057	11,305,288
Business-type activities:										
Water	353,117	388,808	532,353	510,322	1,287,921	600,174	650,693	634,627	592,541	589,212
Sewer	-	-	-	-	-	-	-	-	-	39,291
Airport	-	618,055	799,271	-	266,657	-	-	365,947	-	-
Parking	92,788	88,190	74,485	75,231	64,618	48,259	60,603	83,334	67,552	70,471
Total business-type activities expenses	445,905	1,095,053	1,406,109	585,553	1,619,196	648,433	711,296	1,083,908	660,093	698,974
Total City expenses	\$ 10,467,875	\$ 10,289,279	\$ 14,556,629	\$ 10,827,263	\$ 10,943,070	\$ 8,865,630	\$ 10,728,872	\$ 11,755,904	\$ 11,868,150	\$ 12,004,262
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 951,312	\$ 966,243	\$ 1,476,152	\$ 1,884,664	\$ 1,908,177	\$ 2,047,787	\$ 2,126,829	\$ 2,364,357	\$ 2,182,833	\$ 2,420,438
Public safety	87,915	124,482	330,788	455,974	389,228	301,287	505,526	886,793	803,173	855,480
Operating grants and contributions	937,112	693,034	748,505	680,383	988,568	1,175,743	800,285	1,087,223	981,268	683,539
Capital grants and contributions	-	50,000	101,613	18,551	2,373	-	-	325,000	-	-
Total governmental activities program revenues	1,976,339	1,833,759	2,657,058	3,039,572	3,288,346	3,524,817	3,432,640	4,663,373	3,967,274	3,959,457
Business-type activities:										
Charges for services - water	434,643	441,032	516,240	588,885	761,883	710,576	795,663	780,288	770,827	792,795
Charges for services - parking	44,825	46,272	49,928	42,991	53,375	58,038	55,588	65,749	69,066	88,231
Charges for services - sewer	-	-	-	-	-	-	-	-	-	316,027
Capital grants and contributions	5,227,835	-	-	902,590	955,781	253,987	288,502	-	-	-
Total business-type activities program revenues	5,707,303	487,304	566,168	1,534,466	1,771,039	1,022,601	1,139,753	846,037	839,893	1,197,053
Total City program revenues	\$ 7,683,642	\$ 2,321,063	\$ 3,223,226	\$ 4,574,038	\$ 5,059,385	\$ 4,547,418	\$ 4,572,393	\$ 5,509,410	\$ 4,807,167	\$ 5,156,510

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

(Continued)

City of Prospect Heights

SCHEDULE OF CHANGES IN NET POSITION Last Ten Fiscal Years

Fiscal Year Ended April 30th	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (8,045,631)	\$ (7,360,467)	\$ (10,493,462)	\$ (7,202,138)	\$ (6,035,528)	\$ (4,692,380)	\$ (6,584,936)	\$ (6,008,623)	\$ (7,240,783)	\$ (7,345,831)
Business-type activities	5,261,398	(607,749)	(839,941)	948,913	151,843	374,168	428,457	(237,871)	179,800	498,079
Total government net expense	\$ (2,784,233)	\$ (7,968,216)	\$ (11,333,403)	\$ (6,253,225)	\$ (5,883,685)	\$ (4,318,212)	\$ (6,156,479)	\$ (6,246,494)	\$ (7,060,983)	\$ (6,847,752)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,418,999	\$ 1,515,968	\$ 2,037,894	\$ 2,100,769	\$ 1,765,557	\$ 1,773,580	\$ 2,121,669	\$ 2,853,719	\$ 3,160,113	\$ 2,840,100
Local Sales and local use	546,532	521,432	320,799	282,990	466,376	547,969	540,258	568,819	445,284	377,196
Utility	1,768,784	1,671,439	1,481,378	1,289,898	1,214,510	1,228,521	1,142,928	1,135,095	1,059,104	918,980
Hotel occupancy tax	722,974	787,654	589,140	474,657	556,317	678,815	745,932	757,813	776,817	811,689
Places for eating tax	-	-	3,544	234,626	233,943	247,236	272,726	301,808	302,612	306,113
Other	32,561	32,343	38,120	39,904	33,272	13,037	83,521	145,210	177,164	241,802
Intergovernmental										
Income Tax	1,423,381	1,609,310	1,504,248	1,317,403	1,321,848	1,377,307	1,538,101	1,552,422	1,637,723	1,662,974
State Sales Tax	907,031	872,099	946,834	836,740	768,926	712,340	734,219	822,982	924,209	828,941
Other	1,097	2,619	1,773	1,606	2,871	3,504	2,491	527,304	138,920	157,582
Joint Venture Airport	-	-	-	-	-	-	-	-	(360,206)	(661,580)
Investment earnings	374,876	260,192	70,117	10,126	9,660	7,857	18,295	30,600	(166,558)	27,546
Insurance proceeds	1,681,190	190,834	360,224	-	-	524,837	-	-	-	-
Miscellaneous	395,290	214,394	810,105	839,343	188,606	191,679	113,280	63,423	228,725	127,295
Impairment of land held for resale/Gain on Disposal	-	-	-	-	(1,816,589)	-	-	-	577,432	-
Transfers	59,612	68,800	43,723	11,845	11,241	134,695	271,897	210,202	218,000	283,420
Total governmental activities	10,332,327	7,747,084	8,207,899	7,439,907	4,756,538	7,441,377	7,585,317	8,969,397	9,119,339	7,922,058
Business-type activities:										
Investment earnings	10,813	10,678	10,858	4,179	3,126	3,496	3,786	3,293	3,347	4,597
Transfers	(59,612)	(68,800)	(43,723)	(11,845)	(11,241)	(134,695)	(271,897)	(210,202)	(218,000)	(283,420)
Miscellaneous	449	3,100	115,054	16,236	10,629	25,867	35	-	638	(114)
Total business-type activities	(48,350)	(55,022)	82,189	8,570	2,514	(105,332)	(268,076)	(206,909)	(214,015)	(278,937)
Total City	\$ 10,283,977	\$ 7,692,062	\$ 8,290,088	\$ 7,448,477	\$ 4,759,052	\$ 7,336,045	\$ 7,317,241	\$ 8,762,488	\$ 8,905,324	\$ 7,643,121
Governmental activities:										
Special item - cancellation of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special item - sale of land held for resale	2,620,575	-	-	-	-	-	-	-	-	-
Extraordinary item - disaster loss	(906,063)	-	-	-	-	-	-	-	-	-
Business-type activities:										
Capital contributed	\$ -	\$ -	\$ 1,909,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	4,001,208	386,617	(2,285,563)	237,769	(1,278,990)	2,748,997	1,000,381	2,960,774	1,878,556	576,227
Business-type activities	5,213,048	(662,771)	1,151,699	957,483	154,357	268,836	160,381	(444,780)	(34,215)	219,142
Total City	\$ 9,214,256	\$ (276,154)	\$ (1,133,864)	\$ 1,195,252	\$ (1,124,633)	\$ 3,017,833	\$ 1,160,762	\$ 2,515,994	\$ 1,844,341	\$ 795,369

(Concluded)

City of Prospect Heights

PROGRAM REVENUES BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year Ended April 30th	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Governmental activities:										
General government	\$ 1,293,139	\$ 1,145,805	\$ 1,737,037	\$ 2,049,179	\$ 2,041,741	\$ 2,400,820	\$ 2,348,316	\$ 2,510,429	\$ 2,314,047	\$ 2,547,250
Public safety	87,915	201,472	464,784	550,209	731,202	498,135	604,721	1,290,628	1,163,395	995,886
Public works	504,163	486,482	455,237	440,184	515,403	625,862	479,603	862,316	489,832	416,321
Subtotal governmental activities	<u>1,885,217</u>	<u>1,833,759</u>	<u>2,657,058</u>	<u>3,039,572</u>	<u>3,288,346</u>	<u>3,524,817</u>	<u>3,432,640</u>	<u>4,663,373</u>	<u>3,967,274</u>	<u>3,959,457</u>
Business-type activities:										
Water	434,643	441,032	516,240	588,885	1,717,664	710,576	795,663	780,288	770,827	792,795
Sewer	-	-	-	-	-	-	-	-	-	316,027
Parking	44,825	46,272	49,928	42,991	53,375	58,038	55,588	65,749	69,066	88,231
Subtotal business-type activities	<u>479,468</u>	<u>487,304</u>	<u>566,168</u>	<u>631,876</u>	<u>1,771,039</u>	<u>768,614</u>	<u>851,251</u>	<u>846,037</u>	<u>839,893</u>	<u>1,197,053</u>
Total City	<u>\$ 2,364,685</u>	<u>\$ 2,321,063</u>	<u>\$ 3,223,226</u>	<u>\$ 3,671,448</u>	<u>\$ 5,059,385</u>	<u>\$ 4,293,431</u>	<u>\$ 4,283,891</u>	<u>\$ 5,509,410</u>	<u>\$ 4,807,167</u>	<u>\$ 5,156,510</u>

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

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

Fiscal Year Ended April 30th	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,806,516	\$ 824,307	\$ 773,642	\$ 757,522	\$ 852,747	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	(328,375)	2,251,267	1,590,502	1,551,060	2,192,883	-	-	-	-	-
Nonspendable	-	-	-	-	-	571,418	581,238	1,006,087	912,697	5,193,298
Restricted	-	-	-	-	-	204,793	16,400	36,217	36,232	24,113
Committed	-	-	-	-	-	1,598,657	1,896,721	1,935,777	2,170,017	2,156,168
Assigned	-	-	-	-	-	160,984	207,071	7,276,612	7,390,154	5,820,743
Unassigned	-	-	-	-	-	3,660,530	5,839,621	1,883,135	2,660,707	815,340
Total General Fund	1,478,141	3,075,574	2,364,144	2,308,582	3,045,630	6,196,382	8,541,051	12,137,828	13,169,807	14,009,662
All other governmental funds										
Reserved	1,344,042	6,248,071	5,961,660	7,954,457	5,933,841	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,910,952	2,191,300	2,559,547	3,059,537	3,434,579	-	-	-	-	-
Debt service funds	6,522,299	1,069,290	2,027,091	-	-	-	-	-	-	-
Capital projects funds	679,693	(458,260)	185,411	261,512	259,171	-	-	-	-	-
Non-Spendable	-	-	-	-	-	-	36,314	34,229	35,633	42,696
Restricted	-	-	-	-	-	11,277,733	10,178,801	6,465,481	4,225,375	2,574,925
Committed	-	-	-	-	-	258,413	345,985	381,867	443,185	515,063
Assigned	-	-	-	-	-	3,482,838	3,449,314	2,965,409	2,662,210	-
Unassigned	-	-	-	-	-	(624,594)	(378,965)	(286,499)	(240,924)	(2,554,328)
Total all other governmental funds	11,456,986	9,050,401	10,733,709	11,275,506	9,627,591	14,394,390	13,631,449	9,560,487	7,125,479	578,356
Total	\$ 12,935,127	\$ 12,125,975	\$ 13,097,853	\$ 13,584,088	\$ 12,673,221	\$ 20,590,772	\$ 22,172,500	\$ 21,698,315	\$ 20,295,286	\$ 14,588,018

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

Fiscal Year Ended April 30th	2007	2008	2009	2010
Revenues				
Taxes ⁽¹⁾	\$ 5,489,850	\$ 4,528,836	\$ 4,470,875	\$ 4,422,844
Intergovernmental ⁽²⁾	2,764,458	2,740,580	2,847,736	2,414,499
Licenses	507,320	450,572	475,530	877,534
Fines and forfeits	87,915	87,720	309,674	432,094
Charges for services	443,992	555,188	1,021,736	1,031,010
Interest income	374,876	260,192	70,117	10,126
Miscellaneous	383,842	214,394	810,105	840,626
Total revenues	10,052,253	8,837,482	10,005,773	10,028,733
Expenditures				
General government	3,773,146	2,414,024	3,212,292	2,872,824
Public safety	3,734,543	4,085,050	4,255,123	3,962,324
Public works	916,344	1,038,272	1,170,516	723,685
Capital outlay	2,178,240	3,203,202	2,969,541	844,958
Debt service				
Principal	10,126,082	595,000	7,253,228	1,315,000
Interest	843,691	309,003	1,023,517	483,734
Debt issuance costs	55,599	42,500	207,341	-
Total expenditures	21,627,645	11,687,051	20,091,558	10,202,525
Excess of revenues over (under) expenditures	(11,575,392)	(2,849,569)	(10,085,785)	(173,792)
Impairment of land held for resale	-	-	-	-
Other Financing Sources (Uses)				
Proceeds from borrowing	2,248,786	2,045,000	10,160,305	282,107
Proceeds from insurance recovery	1,681,190	190,834	360,224	-
Premium on GO Debt issued	-	-	-	-
Transfers in	2,935,706	7,107,673	865,872	1,120,214
Transfers out	(2,876,094)	(7,038,873)	(822,149)	(1,108,369)
Gain on sales of assets held for resale	-	-	-	-
Total other financing sources (uses)	3,989,588	2,304,634	10,564,252	293,952
Special item				
Gain on sale of land	2,620,575	-	-	-
Net change in fund balances	\$ (4,965,229)	\$ (544,935)	\$ 478,467	\$ 120,160
Debt service as a percentage of noncapital expenditures	59.0%	11.1%	51.4%	20.3%

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

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

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

	2011	2012	2013	2014	2015	2016
\$	4,269,975	\$ 4,489,158	\$ 4,907,034	\$ 5,762,464	\$ 5,811,094	\$ 5,495,880
	2,569,183	3,112,744	2,853,609	4,168,859	3,660,906	3,206,224
	851,454	887,172	844,911	1,063,648	932,368	899,237
	376,583	256,814	467,308	849,736	755,188	784,430
	1,069,368	1,169,635	1,309,694	1,353,391	1,291,741	1,586,423
	9,660	7,857	18,295	30,600	(166,558)	27,546
	183,469	908,119	360,742	222,968	366,648	259,935
	<u>9,329,692</u>	<u>10,831,499</u>	<u>10,761,593</u>	<u>13,451,666</u>	<u>12,651,387</u>	<u>12,259,675</u>
	2,724,788	2,324,123	2,681,900	2,891,222	2,977,917	3,251,307
	3,744,385	3,347,253	4,015,241	4,164,469	4,424,004	4,653,389
	578,591	938,495	807,717	905,608	1,195,842	1,085,664
	12,428	5,001,238	5,328,497	4,099,039	3,138,652	2,188,781
	1,440,000	5,611,727	766,421	1,201,421	2,225,000	6,320,000
	450,422	1,367,351	903,898	845,196	888,433	751,222
	-	-	-	-	-	-
	<u>8,950,614</u>	<u>18,590,187</u>	<u>14,503,674</u>	<u>14,106,955</u>	<u>14,849,848</u>	<u>18,250,363</u>
	<u>379,078</u>	<u>(7,758,688)</u>	<u>(3,742,081)</u>	<u>(655,289)</u>	<u>(2,198,461)</u>	<u>(5,990,688)</u>
	<u>1,816,589</u>					
	-	15,541,544	5,000,000	-	-	-
	-	-	-	-	-	-
	-	-	51,912	-	-	-
	600,760	2,010,488	2,486,746	2,140,433	1,674,633	1,405,948
	(589,519)	(1,875,793)	(2,214,849)	(1,930,231)	(1,456,633)	(1,122,528)
	-	-	-	-	577,432	-
	<u>11,241</u>	<u>15,676,239</u>	<u>5,323,809</u>	<u>210,202</u>	<u>795,432</u>	<u>283,420</u>
	-	-	-	-	-	-
\$	<u>(1,426,270)</u>	<u>7,917,551</u>	<u>1,581,728</u>	<u>(445,087)</u>	<u>(1,403,029)</u>	<u>(5,707,268)</u>
	22.3%	57.1%	20.2%	22.3%	28.3%	45.9%

City of Prospect Heights

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year Ended April 30 th	Property	Income	(3) Local Use	State Sales	Non-Home Rule Sales(1)	Utility	Telecom	Motor Fuel	Hotel	Places for Eating (2)	Other (4)	Total
2007	2,418,999	1,423,381	221,650	907,031	324,882	729,859	1,038,925	504,163	722,974	-	33,658	8,325,522
2008	1,515,968	1,609,310	217,261	872,099	304,171	778,801	892,638	486,482	787,654	-	34,962	7,499,346
2009	2,037,894	1,504,248	47,685	946,834	273,114	696,820	784,558	455,237	589,140	3,544	39,893	7,378,967
2010	2,100,769	1,317,403	31,785	836,740	251,205	596,655	693,243	440,184	474,657	234,626	41,510	7,018,777
2011	1,765,557	1,321,848	190,408	768,926	275,968	617,393	597,117	515,403	556,317	233,943	36,143	6,879,023
2012	1,773,580	1,377,307	277,752	712,340	270,217	565,924	662,597	482,202	678,815	247,236	16,514	7,064,484
2013	2,121,669	1,538,101	260,876	734,219	279,382	577,463	565,465	464,753	745,932	272,726	86,012	7,646,598
2014	2,853,719	1,552,422	285,205	822,982	283,614	622,567	512,528	537,316	757,813	301,808	638,478	9,168,452
2015	3,160,113	1,637,723	335,284	924,209	287,515	584,577	474,528	484,928	776,817	302,612	314,373	9,282,679
2016	2,840,100	1,662,974	377,196	828,941	271,344	502,378	416,601	415,810	811,689	306,113	396,598	8,829,744

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

- (1) The City enacted a non-home rule sales tax effective July 2005.
- (2) The City enacted the Places for Eating tax in February 2009.
- (3) The Local Use amount includes the state sales tax amount. The information to restate the financials is not available for FY2004.
- (4) Other includes Airport Sharing sales tax revenues with the Village of Wheeling

Data Source
The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

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

Levy Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
2005	313,756,231	94,974,972	34,664,069	3,003	443,398,275	0.047	1,331,526,351
2006	319,325,597	96,367,669	31,829,908	3,003	447,526,177	0.051	1,343,922,453
2007	386,195,129	112,283,291	30,575,423	3,003	529,056,846	0.045	1,588,759,297
2008	416,195,759	113,588,337	31,224,930	3,003	561,012,029	0.045	1,684,720,808
2009	441,921,457	87,412,853	28,234,883	1,877	557,571,070	0.046	1,674,387,598
2010	389,090,836	74,195,260	25,508,165	-	488,794,261	0.054	1,467,850,634
2011	440,623,173	59,082,360	19,118,359	-	440,623,173	0.162	1,323,192,712
2012	326,698,695	53,355,167	17,279,177	-	397,333,039	0.319	1,193,192,309
2013	259,301,835	55,630,818	16,778,346	-	331,710,999	0.498	996,129,126
2014	271,057,625	64,033,525	6,801,574	-	341,892,724	0.486	1,026,704,877
2015 (1)	N/A	N/A	N/A	N/A	342,857,772	N/A	1,029,602,919

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

(1) Levy year 2015 detailed tax information is not available as the preparation of this report

N/A - Information not yet available.

Data Source

Cook County Tax Extension Office

City of Prospect Heights

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Levy Years*

Name of Taxing Entity/Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CITY DIRECT RATES										
Police Pension & Roads	0.051	0.045	0.045	0.046	0.054	0.162	0.319	0.498	0.486	0.486
TOTAL DIRECT RATES	0.051	0.045	0.045	0.046	0.054	0.162	0.319	0.498	0.486	0.486
OVERLAPPING RATES										
County of Cook	0.500	0.446	0.415	0.394	0.423	0.462	0.531	0.560	0.568	0.552
Forest Preserve District of Cook County	0.057	0.053	0.051	0.049	0.051	0.058	0.063	0.069	0.069	0.069
Metropolitan Water Reclamation District	0.284	0.263	0.252	0.261	0.274	0.320	0.370	0.417	0.430	0.426
Suburban T.B. Sanitarium	0.005	-	-	-	-	-	-	-	-	-
Consolidated Elections	-	0.012	-	0.021	-	0.025	-	0.031	-	0.034
Northfield Township - General	0.011	0.010	0.009	0.010	0.013	0.020	0.024	0.031	0.032	0.028
Northfield Township - General Assistance	0.008	0.008	0.009	0.010	0.011	0.008	0.009	0.008	0.007	0.007
Northfield Township - Road & Bridge	0.035	0.030	0.030	0.031	0.036	0.041	0.046	0.053	0.054	0.057
Wheeling Township - General	0.043	0.038	0.038	0.039	0.043	0.048	0.052	0.056	0.052	0.055
Wheeling Township - General Assistance	0.010	0.009	0.009	0.009	0.005	0.009	0.009	0.010	0.010	0.010
Wheeling Township - Road & Bridge	0.013	0.012	0.012	0.012	0.014	0.015	0.016	0.019	0.019	0.020
Northfield Woods Sanitary District	0.056	0.049	0.049	0.054	0.067	0.079	0.082	0.098	0.099	0.098
Old Town Sanitary District	0.074	0.039	0.015	0.015	0.017	0.020	0.023	0.028	0.028	-
Northwest Mosquito Abatement District	0.009	0.008	0.008	0.008	0.009	0.010	0.011	0.013	0.013	0.011
Arlington Heights Township High School #214	1.823	1.621	1.587	1.636	1.839	2.060	2.324	2.768	2.776	2.881
Northfield Township High School #225	1.623	1.403	1.383	1.395	1.609	1.819	2.028	2.341	2.367	2.493
Harper Community College District #512	0.288	0.260	0.256	0.258	0.295	0.334	0.373	0.444	0.451	0.466
Oakton Community College District #535	0.166	0.141	0.140	0.140	0.160	0.196	0.219	0.256	0.258	0.271
Arlington Heights Park District	0.461	0.404	0.379	0.392	0.450	0.496	0.545	0.633	0.636	0.626
Prospect Heights Park District	0.658	0.561	0.544	0.523	0.595	0.661	0.746	0.856	0.884	0.912
River Trails Park District	0.484	0.428	0.422	0.433	0.510	0.553	0.632	0.747	0.748	0.769
Wheeling Park District	0.535	0.492	0.496	0.490	0.571	0.654	0.738	0.899	0.890	0.924

(Continued)

City of Prospect Heights

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Levy Years

Name of Taxing Entity/Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OVERLAPPING RATES										
Prospect Heights Public Library District	0.433	0.340	0.337	0.343	0.387	0.437	0.489	0.599	0.597	0.621
Indian Trails Public Library District	0.320	0.297	0.308	0.307	0.347	0.393	0.463	0.504	0.529	0.534
Northbrook Rural Fire Protection District	0.586	0.503	0.501	0.552	0.632	0.700	0.700	0.800	0.800	0.800
Prospect Heights Fire Protection District	0.795	0.693	0.677	0.652	0.755	0.845	0.934	1.091	1.102	1.148
Glenbrook Fire District	0.530	0.470	0.470	0.522	0.658	0.703	0.713	0.788	0.796	0.815
City of Prospect Heights:										
Special Service Area #1	0.296	0.190	0.187	0.176	0.200	0.199	0.035	0.035	0.035	0.035
Special Service Area #2	0.692	0.233	0.229	0.229	0.262	0.268	0.895	0.930	0.911	0.930
Special Service Area #3	0.397	0.200	0.196	0.188	0.213	0.180	0.078	0.098	0.107	0.119
Special Service Area #4	0.256	0.189	0.208	0.191	0.239	0.256	0.664	0.831	0.909	0.910
Special Service Area #5	0.173	0.163	0.170	0.112	0.137	0.049	0.012	0.018	0.018	0.018
Special Service Area #6	-	-	0.958	0.906	0.984	1.065	1.174	1.434	1.449	1.511
Special Service Area #8	-	-	-	-	-	0.278	0.847	1.079	1.072	1.105
School District #21 - Wheeling	3.502	3.154	3.161	3.209	3.658	4.164	4.556	4.841	5.430	5.642
School District #23 - Prospect Heights	2.948	2.418	2.363	2.253	2.571	2.869	3.273	3.932	3.922	4.062
School District #25 - Arlington Heights	3.295	2.890	2.807	2.510	2.813	3.101	3.416	3.659	3.678	3.990
School District #26 - River Trails	3.047	2.698	2.696	2.703	3.131	3.458	3.873	3.873	3.873	4.742
School District #31 - West Northfield	1.624	1.405	1.402	1.494	1.730	2.018	2.525	2.946	2.911	3.107

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

Data Source

Cook County Tax Extension Office

(Concluded)

City of Prospect Heights

PRINCIPAL PROPERTY TAX PAYERS Current Year and Nine Years Ago

Taxpayer	At Fiscal Year End April 30, 2016			At Fiscal Year End April 30, 2007		
	2015 Taxable Assessed Value	Rank	Percentage of Total City	2006 Taxable Assessed Value	Rank	Percentage of Total City
			2015 Taxable Assessed Value			2006 Taxable Assessed Value
Jones Lang Lasalle				\$ 11,335,056	1	34.23%
Briarwood Lakes LP	\$ 2,674,995	1	17.62%	4,484,018	2	13.54%
CR Congress LLC	2,574,999	2	16.96%	3,482,950	4	10.52%
Frank S. Allgauer	2,186,701	3	14.40%	3,749,039	3	11.32%
Bays Northbrook Hosp C	2,073,329	4	13.65%	3,053,430	5	9.22%
Palwaukee Equities LLC./Plaza	1,376,538	5	9.07%	2,198,192	6	6.64%
HCP Inc.	1,130,114	6	7.44%			
TDB Hospitality LLC				1,686,630	7	5.09%
Prime Care Seven LLC				1,110,855	8	3.35%
Voss Bros	916,248	7	6.03%	1,009,997	9	3.05%
Hawthorne Global Aviation	808,671	8	5.33%			
Signature Flight	751,250	9	4.95%	1,004,219	10	3.03%
Eclipse Aerospace	691,338	10	4.55%			
Total assessed valuation	\$ 15,184,183		100.00%	\$ 33,114,386		100.00%

Data Source

Cook County Tax Extension Office

City of Prospect Heights

SALES TAX BY CATEGORY

Last Ten Calendar Years ⁽¹⁾

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General merchandise ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	117,040	130,081	101,964	106,410	121,171	152,351	133,768	144,027	357,378	267,897
Drinking and eating places	179,261	258,559	218,555	166,615	145,295	152,708	154,219	174,266	184,757	178,967
Apparel	33,454	26,387	20,217	10,995	6,661	6,380	6,416	-	-	2,045
Furniture and H.H. and radio	28,419	28,865	28,000	27,652	28,087	28,024	26,104	24,330	21,462	23,547
Lumber, building, hardware ⁽²⁾	-	-	6,412	5,158	10,862	10,067	10,028	11,654	10,290	11,008
Automobile and filling stations	131,520	116,800	113,253	86,444	91,788	97,985	94,981	114,943	150,517	120,164
Drugs and miscellaneous retail	203,064	208,103	215,253	176,769	205,095	210,793	216,589	202,437	174,312	177,608
Agriculture and all others	201,553	79,979	86,851	83,280	54,882	51,930	51,254	56,541	54,980	64,376
Manufacturers ⁽²⁾	4,559	4,371	-	-	-	-	-	6,486	1,889	-
Unclassified ⁽²⁾	13,461	14,408	15,046	14,945	15,816	19,442	18,075	18,710	14,534	14,083
TOTAL	\$ 912,331	\$ 867,553	\$ 805,551	\$ 678,268	\$ 679,656	\$ 729,680	\$ 711,434	\$ 753,394	\$ 970,118	\$ 859,695
CITY'S DIRECT SALES TAX RATE	1.00%									
NUMBER OF TAXPAYERS	386	375	304	292	276	269	292	288	286	344

Notes:

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

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

Data Source

Illinois Department of Revenue

City of Prospect Heights

DIRECT AND OVERLAPPING SALES TAX RATES Last Ten Fiscal Years

Fiscal Year Ended April 30th	City Direct Rate	City Non-Home Rule Rate ⁽¹⁾	State of Illinois Rate	Cook County Rate	Regional Transportation Authority Rate	Total Sales Tax Rate
2006	1.00	0.50	5.00	1.00	0.75	8.25
2007	1.00	0.50	5.00	1.00	0.75	8.25
2008	1.00	0.50	5.00	1.00	1.00	8.50
2009	1.00	0.50	5.00	2.00	1.00	9.50
2010	1.00	0.50	5.00	2.00	1.00	9.50
2011	1.00	0.50	5.00	1.50	1.00	9.00
2012	1.00	0.50	5.00	1.25	1.00	8.75
2013	1.00	0.50	5.25	0.75	1.00	8.50
2014	1.00	0.50	5.25	0.75	1.00	8.50
2015	1.00	0.50	5.25	0.75	1.00	8.50
2016	1.00	0.50	5.25	1.75	1.00	9.50

Notes:

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

Data Source

Illinois Department of Revenue

City of Prospect Heights

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Levy Years

Fiscal Year Ended April 30th	Levy Year	Total Tax Levy Extended	Collections received from the Tax Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	2005	478,697	464,127	97.0	629	464,756	97.1
2007	2006	506,678	418,611	82.6	63,457	482,068	95.1
2008	2007	448,961	417,250	92.9	16,029	433,279	96.5
2009	2008	725,973	684,918	94.3	23,632	708,550	97.6
2010	2009	696,533	566,275	81.3	114,557	680,832	97.7
2011	2010	719,063	691,772	96.2	8,167	699,939	97.3
2012	2011	1,173,647	1,156,270	98.5	(5,143)	1,151,127	98.1
2013	2012	1,867,308	1,846,797	98.9	(6,497)	1,840,300	98.6
2014	2013	2,239,415	2,216,999	99.0	(1,515)	2,215,484	98.9
2015	2014	2,265,961	2,242,832	99.0	-	2,242,832	99.0
2016	2015 ⁽¹⁾	2,350,878	1,161,254	49.4	-	1,161,254	49.4

(1) Levy year 2015 reflects first installment only

Data Source

Cook County Treasurer and City of Prospect Heights Records

City of Prospect Heights

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

Tax levy year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
City-wide - Police pension	\$ 220,796	\$ 231,958	\$ 246,602	\$ 249,995	\$ 258,174	\$ 262,783	\$ 273,548	281,343	290,095	150,399
Road Bonds	-	-	-	-	-	435,100	973,048	1,347,803	1,349,279	702,418
Special services area #1	24,669	18,623	19,664	20,273	20,996	20,454	33,955	27,116	27,380	14,652
Special services area #2	35,873	13,918	15,192	15,799	16,667	16,153	51,050	42,848	43,975	22,871
Special services area #3	88,365	53,530	57,636	60,243	62,289	50,970	20,516	20,494	22,803	11,969
Special services area #4	17,416	13,821	15,950	14,459	16,846	16,116	35,822	37,934	41,262	14,891
Special services area #5	94,948	101,429	111,634	75,763	78,981	25,847	5,225	5,761	6,281	2,642
Special services area #6	-	-	241,872	244,299	245,986	242,554	243,677	246,011	250,292	134,542
Special services area #8	-	-	-	-	-	81,151	203,459	206,174	211,464	106,870
Total collections to date	<u>482,068</u>	<u>433,279</u>	<u>708,550</u>	<u>680,832</u>	<u>699,939</u>	<u>1,151,127</u>	<u>1,840,300</u>	<u>2,215,484</u>	<u>2,242,832</u>	<u>1,161,254</u>
Levy as extended	<u>506,678</u>	<u>448,961</u>	<u>725,973</u>	<u>696,533</u>	<u>719,063</u>	<u>1,173,647</u>	<u>1,867,308</u>	<u>2,239,415</u>	<u>2,265,961</u>	<u>2,350,878</u>
Percent collected	95.1%	96.5%	97.6%	97.7%	97.3%	98.1%	98.6%	98.9%	99.0%	49.4%

(1) Levy year 2015 reflects first installment only

Data Source

Cook County Treasurer

City of Prospect Heights

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year Ended April 30 th	Governmental Activities					Business- Type Activities	Total City	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Tax Increment Notes Payable	Installment Contract Payable	Special Service Area Bonds	Note Payable	General Obligation Bonds			
2007	6,003,228	4,645,000	-	-	-	-	10,648,228	1.78	657
2008	7,643,228	4,455,000	-	-	-	-	12,098,228	2.03	750
2009	7,995,305	4,210,000	-	2,800,000	-	-	15,005,305	2.53	935
2010	7,450,305	3,540,000	-	2,700,000	225,685	-	13,915,990	2.36	872
2011	6,885,305	2,750,000	-	2,615,000	169,264	800,000	13,219,569	2.74	813
2012	17,160,000	2,440,000	-	2,525,000	112,842	765,000	23,002,842	4.75	1,409
2013	21,870,000	2,110,000	-	2,435,000	56,421	715,000	27,186,421	5.72	1,661
2014	21,319,953	1,765,000	-	2,340,000	-	665,000	26,089,953	4.99	1,590
2015	19,586,389	1,365,000	-	2,240,000	-	615,000	23,806,389	4.63	1,450
2016	13,783,723	945,000	-	2,130,000	-	565,000	17,423,723	3.40	1,063

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

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

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

Fiscal Year Ended April 30th	General Bond Debt	Less: Amounts Available for General Bonded Debt	Net General Bonded Debt	Percentage of Estimated Actual Value of Taxable Property ⁽¹⁾	Per Capita ⁽²⁾
2006	13,724,310	-	13,724,310	1.03	838.28
2007	6,003,228	-	6,003,228	0.45	370.20
2008	7,643,228	-	7,643,228	0.48	473.53
2009	7,995,305	-	7,995,305	0.47	498.24
2010	7,450,305	-	7,450,305	0.44	466.84
2011	6,885,305	-	6,885,305	0.47	423.55
2012	17,160,000	-	17,160,000	1.30	1,051.02
2013	22,585,000	242,291	22,342,709	1.87	1,379.91
2014	21,984,953	549,369	21,435,584	2.15	1,339.89
2015	20,201,389	783,635	19,417,754	1.89	1,230.44
2016	14,348,723	815,212	13,533,511	1.32	875.67

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

(1)

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

(2)

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2016

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percentage of Debt Applicable to the City ⁽²⁾	City of Prospect Heights Share of Debt
City of Prospect Heights	\$ <u>16,858,723</u>	100.000 %	\$ <u>16,858,723</u>
Total Direct Debt	<u>16,858,723</u>		<u>16,858,723</u>
Cook County	3,477,541,079	0.265 %	9,205,768
Cook County Forest Preserve	200,172,164	0.265 %	529,897
Metropolitan Water Reclamation District ⁽³⁾	2,463,554,005	0.270 %	6,649,487
Arlington Heights Park District ⁽⁴⁾	20,375,000	0.970 %	197,638
Wheeling Park District ⁽⁴⁾	1,300,000	4.678 %	60,809
School District 21 - Wheeling	40,805,000	5.010 %	2,044,331
School District 23 - Prospect Heights	9,940,000	38.560 %	3,832,864
School District 25 - Arlington Heights	-	0.270 %	-
School District 26 - River Trails	11,482,425	10.253 %	1,177,269
School District 31 - West Northfield	345,000	2.790 %	9,626
Township High School District 214 - Arlington Heights	42,800,000	4.408 %	1,886,758
Township High School District 225 - Northfield	92,453,995	0.284 %	262,736
Community College District 512 - Harper ⁽⁴⁾	<u>173,061,859</u>	2.014 %	<u>3,486,205</u>
Total Overlapping Debt	<u>6,533,830,527</u>		<u>29,343,386</u>
Total Direct and Overlapping Debt	\$ <u><u>6,550,689,250</u></u>		\$ <u><u>46,202,109</u></u>

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

(2) Determined by dividing the portion of the overlapping government's taxable assessed value located in the City of Prospect Heights by the total taxable assessed value of the overlapping government. Reflects 2015 taxable assessed values, the most current information available.

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

(4) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.

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

City of Prospect Heights

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal debt margin calculation for period ending April 30, 2016

Assessed value - 2015 tax year	\$ 331,784,908
Debt limit (8.625% of assessed value)	<u>28,616,448</u>
Debt applicable to limit:	
General obligation debt (includes water bonds)	<u>14,348,723</u>
Legal debt margin	<u><u>\$ 14,267,725</u></u>

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value ⁽¹⁾	\$ 443,398,275	\$ 447,526,177	\$ 529,056,846	\$ 561,012,029	\$ 557,571,070	\$ 440,623,173	\$ 397,333,039	\$ 331,710,999	\$ 341,892,724	\$ 331,784,908
Debt limit	38,243,101	38,599,133	45,631,153	48,387,288	48,090,505	38,003,749	34,269,975	28,610,074	29,488,247	28,616,448
Total net debt applicable to limit	<u>6,003,228</u>	<u>7,643,228</u>	<u>7,995,305</u>	<u>7,450,305</u>	<u>7,685,305</u>	<u>17,925,000</u>	<u>21,870,000</u>	<u>21,984,953</u>	<u>20,201,389</u>	<u>14,348,723</u>
Legal debt margin	<u>\$ 32,239,873</u>	<u>\$ 30,955,904</u>	<u>\$ 37,635,848</u>	<u>\$ 40,936,983</u>	<u>\$ 40,405,200</u>	<u>\$ 20,078,749</u>	<u>\$ 12,399,975</u>	<u>\$ 6,625,121</u>	<u>\$ 9,286,858</u>	<u>\$ 14,267,725</u>
Total net debt applicable to the limit as a percentage of debt limit	15.70%	19.80%	17.52%	15.40%	15.98%	47.17%	63.82%	76.84%	68.51%	50.14%

Note: Under state finance law, the City's outstanding general obligation debt

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Tax Increment Allocation Notes, Series 2004

Fiscal Year Ended April 30th	Incremental Property Taxes and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	2,250,214	1,210,313	1,039,901	185,000	216,335	2.59
2008	1,081,161	656,813	424,348	190,000	207,089	1.07
2009	1,646,110	239,695	1,406,415	245,000	203,210	3.14
2010	1,223,254	490,299	732,955	670,000	198,106	0.84
2011	1,103,995	314,733	789,262	790,000	173,892	0.82
2012	1,044,418	190,972	853,447	310,000	127,825	1.95
2013	700,571	373,304	327,267	330,000	114,185	0.74
2014	630,802	168,477	462,325	345,000	99,665	1.04
2015	537,291	320,561	216,730	400,000	84,485	0.45
2016	304,512	177,542	126,970	420,000	66,886	0.26

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

Data Source

The City of Prospect Heights Comprehensive Annual Financial Report

City of Prospect Heights

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita Personal Income	Unemployment Rate (3)
2006	16,216	598,548,776	36,911	3.0
2007	16,141	595,780,451	36,911	3.6
2008	16,047	592,310,817	36,911	5.1
2009	15,959	589,062,649	36,911	8.2
2010	16,256	482,656,896	29,691	6.7
2011	16,327	484,764,957	29,691	6.6
2012 (2)	16,367	475,134,010	29,030	6.7
2013	16,408	522,430,720	31,840	5.8
2014	16,418	514,129,670	31,315	6.0
2015	16,386	512,422,992	31,272	5.7

Data Sources

(1) U.S. Census Bureau.

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

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

City of Prospect Heights

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Fiscal Year Ended April 30, 2016					Fiscal Year Ended April 30, 2007				
Employer	Business/Service	Employees	Percent of Total	Rank	Employer	Business/Service	Employees	Percent of Total	Rank
School District Number 23	Elementary public schools	209 *	18.1 %	1	Household International, Inc. (HQ)	Loans and Credit	1,100	54.7 %	1
Hilton Hotel and Allgauer's Restaurant	Hotel and restaurant	150 *	13.0 %	2	School District Number 23	Elementary public schools	200	9.9 %	2
Prospect Heights Park District	Public parks, recreation 15 full-time, 34 part-time, 98 seasonal	147 *	12.7 %	3	Prospect Heights Park District	Public parks, recreation 19 full-time, 3 part-time, 133 seasonal	192	9.5 %	3
Tony's Finer Foods	Grocery store	135 *	11.7 %	4	Hilton Hotel and Allgauer's Restaurant	Hotel and restaurant	147	7.3 %	4
Crowne Plaza	Hotel and restaurant	125 *	10.8 %	5	Siemens Hearing Instruments	Orthopedic appliances, hearing aids	119	5.9 %	5
Brookdale Senior Living	Long Term Care Facilities	118 *	10.2 %	6	Doetsch Bros Company	Excavating Contractor	55	2.7 %	6
Terrance Electric & Technology	Commercial & industrial printing	85 *	7.4 %	7	Brighton Gardens	Long-Term Care Facilities	58	2.9 %	7
City of Prospect Heights	Municipal government	52 *	4.5 %	8	Jarke Corporation	Storage and Stacking Racks	50	2.5 %	8
Prospect Heights Fire Protection Dist.	Fire Protection	50 *	4.3 %	9	City of Prospect Heights	Municipal government	50	2.5 %	9
House of Music and Entertainment	Restaurant and bar	44 *	3.8 %	10	Prospect Heights Public Library	Public Library	40	2.0 %	10
Prospect Heights Public Library	Public library	41 *	3.5 %	11					
Total		<u>1,156</u>			Total		<u>2,011</u>		

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

Sources:

City of Prospect Heights

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

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT										
Administration	3.00	3.00	2.00	2.00	2.00	2.50	3.00	3.00	1.25	3.50
Finance	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.25	1.50
Building and Zoning	2.50	2.50	2.50	2.50	2.50	2.50	3.50	3.50	2.50	3.00
Engineering	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.50	-
PUBLIC SAFETY										
Police Sworn	26.00	26.00	26.00	26.00	24.00	21.00	26.00	27.00	27.00	27.00
Police Civilian	3.00	3.00	3.00	2.00	2.50	2.00	3.00	3.50	4.00	4.00
PUBLIC WORKS										
Administration	1.50	1.50	1.50	0.50	-	1.00	1.00	1.00	2.00	2.00
Streets and Sewers	2.90	2.90	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Forestry	1.50	1.50	1.00	1.00	-	-	-	-	-	-
Drainage	1.50	1.50	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Maintenance	-	-	-	-	-	-	-	-	-	1.00
Vehicle Maintenance	1.10	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50
Sanitary Sewer	-	-	-	-	-	-	-	-	-	0.50
Special Service Areas #1-#5	-	-	-	-	-	-	-	-	-	-
CONVENTION & VISITORS BUREAU										
	4.00	4.00	4.00	5.00	3.00	2.00	-	-	-	-
Total	50.00	50.00	49.00	47.00	41.00	38.50	44.00	45.50	44.00	48.00

Data Source

City of Prospect Heights Actual Payroll Fiscal Year End

City of Prospect Heights

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Number of calls	12,925	11,354	13,888	8,214	5,847	5,467	5,409	5,597	5,816	5,447
Part One Offenses ⁽¹⁾	231	284	202	215	213	206	188	178	176	106
Part Two Offenses ⁽²⁾	602	620	670	614	469	548	723	740	737	652
Part One Arrests ⁽¹⁾	17	51	22	31	13	38	39	34	30	41
Part Two Arrests ⁽²⁾	284	319	289	305	205	280	442	456	431	745
Auto Accident investigations	491	552	502	535	339	268	315	333	377	389
Building & Zoning ⁽³⁾										
Building permits issued (residential and commercial)	312	342	406	360	269	294	351	457	471	559
Value of all construction permits issued	\$12,753,025	\$14,397,295	\$6,836,618	\$4,489,580	\$8,574,513	\$14,171,540	\$11,655,638	\$13,186,191	\$18,888,073	\$31,981,883
Plan reviews ⁽⁴⁾	780	845	948	799	564	625	727	748	503	796
Building inspections ⁽⁴⁾	1,062	860	1,117	902	774	917	744	777	743	946
Rental dwelling inspections ⁽⁴⁾	1,047	1,230	1,566	1,615	1,032	1,027	1,132	1,457	1,599	1,397
Health inspections ⁽⁴⁾	506	528	534	305	286	349	285	261	142	87
Engineering										
Right-of-way permits reviewed	95	27	43	47	13	38	47	31	32	27
Subdivision reviews (number)	3	1	-	-	1	2	1	-	-	-
Road program/street reconstruction (linear feet)	7,076	8,137	-	-	-	45,156	32,090	-	-	-
Road program/resurfacing (linear feet)	-	-	-	-	-	17,057	17,057	48,568	-	-
Public works - general										
Streets cold patching (in tons)	37	55	126	70	66	32	8	10	3	6
Streets resurfaced (square yards)	356	851	-	883	-	107,401	137,901	110,550	-	-
Streets cleaned (miles)	17.32	17.32	17.32	26.40	31.25	21.40	20.30	21.40	20.33	21.00
Snow plowing/salting (hours)	355	893	1,287	953	1,002	519	1,074	1,810	835	552
Storm sewers repaired & cleaned (linear feet)	6,750	3,268	1,146	100	40	31,270	4,562	5,294	2,720	2,162
Service requests (residential and intra-city)	204	414	622	763	822	2,380	2,106	2,317	2,118	2,244
JULIE utility locates	2,076	1,930	2,405	1,990	2,146	2,204	2,463	2,571	2,680	3,718
Parkway trees planted	6	3	1	1	-	-	-	28	34	37

(Continued)

City of Prospect Heights

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public works - Water										
Gallons of water billed (in thousands)	42,837	42,935	41,599	45,331	47,364	45,079	47,249	47,596	44,290	43,889
Main break repairs	1	1	2	1	-	1	2	-	-	5
Meters replaced	63	3	6	-	2	-	-	2	-	-
Services initiated	2	2	119	5	8	1	2	16	1	-

(Concluded)

Data Source

City of Prospect Heights departmental records.

NOTES:

- (1) Part One Offenses are defined by the Federal Bureau of Investigation as the statistical measurement that includes murder, armed robbery, robbery, aggravated criminal sexual assault, aggravated assault, theft, auto theft, and arson.
- (2) Part Two Offenses are defined by the Federal Bureau of Investigation as the statistical measurement of all other misdemeanor offenses not included in Part One offenses.
- (3) These statistics are tracked on a calendar year basis. Statistics reported are for the calendar year ending within the fiscal year
- (4) City Hall fire in April 2006 destroyed files for calendar years 2003-2005. Statistics for these years are estimates.

City of Prospect Heights

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police									
Patrol units	10	10	10	14	14	14	18	18	22
Stations	1	1	1	1	1	1	1	1	1
Public works									
Streets (lane miles)	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00
Sidewalks (miles)	9.23	9.23	9.23	9.23	9.23	9.23	9.73	9.73	9.73
Buildings maintained	5	5	5	5	6	6	6	6	6
Sanitary sewers (miles)	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	44.70
Storm sewer lift stations	2	2	2	2	2	2	2	2	2
Street lights (number)	19	19	19	19	19	19	19	19	19
Land maintained (acres)	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07	18.07
Water									
Fire hydrants	94	136	136	146	146	146	146	146	146
Valves	104	143	143	153	153	153	153	153	153
Pump stations	1	1	1	1	1	1	1	1	1
Interconnects	1	1	1	1	1	1	2	2	2
Storage capacity (in thousands of gallons)	550	550	550	550	550	550	550	550	550

Data Source

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