



# City of Prospect Heights

Fiscal Year 2016-2017 Budget

 Prospect  
Heights

# City of Prospect Heights

## TABLE OF CONTENTS

---

### Section 1: Transmittal Letter

Stephanie L. Hannon, Finance Director.....	6-10
Budget Award.....	11

### Section 2: Organization and Services

List of Principal Officers .....	13
Organizational Chart .....	14
City of Prospect Heights Maps .....	15-16
City Commissions, Committees and Boards .....	17-18
Community Profile.....	19-21
Fund Structure.....	22
Department Fund Relationship Structure.....	23

### Section 3: Budget Process and Structure

Budget Process.....	25
Budget Timetable.....	26
Basis for Budgeting and Fund Structure.....	27-28
Account Numbers .....	29

### Section 4: Executive Overview

Budget in Brief.....	31-37
Strategic Planning .....	38-40
Strategic Planning Process.....	41
Comprehensive Plan Implementation Checklist.....	42-46
Revenue Trends and Projections.....	47-64
Expenditure Trends and Projections .....	65-67
Debt Position.....	68-72
Fund Balance Projections by Fund .....	73

# City of Prospect Heights

## TABLE OF CONTENTS (Continued)

---

### Section 5: General Fund Summary and Detail

General Fund Revenue.....	75-80
General Fund Expenditures.....	81
City Council and Boards.....	82
Administration .....	83-86
Engineering.....	87
Building Department.....	87-89
Public Works.....	90-93
Public Safety.....	94-99
Reimbursable Expense.....	100
Other Expenses .....	100
Grants.....	100-101
Debt Service.....	101
Capital Out-Lay .....	102
Net Income.....	102

### Section 6: Special Revenue Funds

Motor Fuel Tax .....	104-105
Palatine/Milwaukee TIF.....	106-107
Tourism District.....	108-109
DEA Seizure .....	110-111
Solid Waste Fund.....	112

### Section 7: Special Revenue Funds

SSA #1 – Prospect Heights Sanitary District.....	114
SSA #2 – Wolf Mandel Sanitary District .....	115
SSA #3 – Country Gardens Sanitary District .....	116
SSA #4 – Pinecrest Sanitary District .....	117
SSA #5 – Palatine/Willow Stormwater .....	118
SSA #8 – Levy 37 .....	119

# City of Prospect Heights

## TABLE OF CONTENTS (Continued)

---

### Section 8: Debt Service Funds

Road Construction .....	121
SSA #6 .....	121

### Section 9: Enterprise Funds

Water Fund.....	123-124
Parking Fund.....	125
Sanitary Sewer Fund .....	126-127

### Section 10: Fiduciary Funds

Police Pension Fund.....	129
--------------------------	-----

### Section 11: Capital Improvement Plan

Introduction.....	131-134
Administration & Building & Zoning.....	135
Public Works.....	136-137
Public Safety .....	137
Water Fund.....	138
Capital Project Descriptions .....	139-141

### Section 12: Supplemental Information

Investment Policy.....	143-150
Fund Balance Policy .....	151-154
Glossary .....	155-160

# Section 1

---

## Introduction and Overview

Transmittal Letter

Stephanie L. Hannon, Finance Director

Budget Award



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



April 25, 2016

Dear Mayor Helmer and Council Members:

It is a pleasure to submit to the City Council the proposed budget for the City of Prospect Heights for the Fiscal Year ending April 30, 2017. Primarily due to the efficiency initiatives undertaken in the prior year, the City will enter the Fiscal Year 2016-2017 with a surplus in its operating budget. While the City's revenue profile remains stagnant in the current economy, a continued strong financial position permits the City to maintain predictable levels of service. The proposed budget reflects a continued commitment to maintaining sufficient reserves to cover the City's operating needs, meet long-term financial goals and plan for the growth and development of the City.

The City has benefited from a history of sound financial planning and current initiatives focus more specifically on organizational efficiency, maintaining a stable tax environment, rehabilitating infrastructure and stimulating new development and redevelopment. The City is making progress in many areas; such as, positioning itself to move forward with establishing long-term planning for infrastructure in the Water fund, the sanitary Special Service Areas, Sanitary Sewer Fund, and the establishment of a maintenance program for roads. The areas that are still of concern are the need to find a solution to address the property and debt in the Development fund. The City utilized General Fund money to pay the Taxable Refunding Debt Certificates for the Development Fund. The City has a Note Receivable of \$\$4,415,000 due from the Development Fund payable when the land is sold. The City Council and staff have worked diligently to provide for a balanced tax structure with no new taxes proposed and appropriate public safety, infrastructure and general services.

The 2016-2017 budget document follows the same format as previous years and allows the reader to go from a more summarized format to as much detail as desired. It begins with this transmittal letter, which explains the layout of the budget document, as well as an overview of the budget process and the financial impact of the budget.

The Financial Summaries section allows the reader to view the total budget, at a glance, both in chart form and graph form. Other information provided in this section includes Fund Balance Summaries, graphs and financial summaries of General Fund Revenues and Expenses, historical information on staffing levels, and Debt Service Schedules.

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

## Budget Process

This year's budget process continues the evolution of many of the 2015-2016 initiatives including in-depth analysis of organizational processes, personnel, services and long term liability management. The budget process started early with development of a preliminary budget for the General fund. The General fund provides the majority of the City's services, such as public safety; building and zoning; engineering; public works; streets, drainage, building and vehicle maintenance; City Clerk recording and reporting requirements; financial services; and general administration. When preparing the General fund's preliminary budget, staff was provided with the following guidelines:

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

The FY2016-2017 preliminary budget for the General fund reflected a deficit of \$722,934. The City Council completed an in-depth review of the General fund preliminary budget during its February 27<sup>th</sup> and April 5<sup>th</sup> Budget Workshops, March 21st and April 11th, 2016 Council meetings. Changes discussed during the budget workshops and meeting have been incorporated within this budget document. These revisions include a reduction in the budget of \$566,846 based upon the elimination of the Special Advisor to the City position, a trackless snow machine, aesthetic drainage improvements, farmers market, cars show, reduction in seasonal summer employees, and related service charge calculations based upon direct labor and overhead rates. The final General Fund FY2016-17 budget reflects a \$156,088 deficit.

The 2016-2017 Budget (All Funds) includes \$14,974,865 in total revenues and other sources and \$15,632,698 in total expenditures and other uses, resulting in a projected net deficit for 2016-2017 of \$657,520. Detail regarding each fund's projected net fund income (loss) for the year is available in the Executive Overview section on the Fund Balance Projections by Fund schedule. (see page 73)

A review of the Fund Balance Schedule (All Funds) shows that several funds are projecting a net loss for Fiscal Year 2016-2017. For most funds, the net losses represent the use of accumulated reserves for capital improvements, debt reduction, or infrastructure assessments. Net losses are projected in the Motor Fuel Tax (\$22,770), TIF Fund (\$163,877), DEA Seizure fund (\$32,968), Special Service Area #3 (\$21,810), Water fund (\$112,161), Sanitary Sewer fund (\$402,245) and Parking fund (\$48,682). All other funds reflect net income for the year.

## **Transmittal Letter (Continued)**

### **General Fund:**

The General Fund is projecting a deficit of \$156,088. This net loss reflects the cost for all departments. In addition, it includes all public safety expenses previously funded with DEA Seizure proceeds, and legal and regulatory requirements. There were no fee increases, since the majority of the City's fees received substantial increases (10-100%) within the last few years. The City does not intend to issue any debt to subsidize the deficit. The largest factor affecting the General fund continues to be its reliance on economically-driven revenue streams to support its basic City services. This has been an ongoing concern that has been exacerbated by the economic downturn. From FY2002 to FY2012, the City eliminated all capital and non-essential expenses; reduced staffing from 60.75 employees to 33 employees; and furloughed staff 30-days for a two year period in order to align expenses with revenues.

For the 2016-2017 Fiscal year, no significant service modifications are anticipated. The City will continue its efforts to deploy new technologies that permit the conduct of the City business via the web, acceptance of credit/debit forms of payment and automation of processes. The purpose of these initiatives is three-fold: 1) to improve the services available to residents and those conducting business with the City, 2) to reduce dual entry and streamline processes, thereby reducing costs, and 3) to improve internal controls over the City's numerous financial transactions. The new financial software has been a major thrust of technology enhancement, with a new general ledger system, accounts payable, cash receipting, and utility billing modules which were implemented in May 2012. Also, integration of the new payroll and general ledger systems has streamlined the entire payroll recording process. The City revamped its website in April 2016. The new website has an improved look with a better layout and a cleaner interface with a variety of new, innovative features which will make navigation easier. The City will be continually adding more forms which will allow for more efficient government.

### **All other Funds:**

The projected deficit of \$32,968 in the DEA Seizure fund, \$37,604 in the Solid Waste Fund, and \$222,770 in the Motor Fuel Tax Fund will be funded with accumulated reserves from prior years' revenues.

The Palatine/Milwaukee TIF Fund projected deficit of \$163,877 relates to the current tax revenues being lower than the required bond payments. The General Fund will cover the costs until the TIF revenues can reimburse the City for the payments.

The City in July 2012 restructured the CVB and established a new Tourism Zone Fund. The Tourism District is projected to have \$174 in income for FY2016-17. As part of the agreement, the City depleted the fund balance to a \$50,000 balance. FY2015-2016 was the last year of

the reserve depletion. The fund revenues will be used for police protection, hotel grants, and beautification of the tourism zone. The goal of the City is to have a balanced budget as it relates to this fund.

The City did not budget any revenues or expenses for the Development fund. The Development fund reflects transactions related to the payment due to the City for an inter-fund loan. The loan to the Development Fund was used to pay off a Debt Certificate which funded the purchase of land. The intention is to fund this note payable to the General Fund with the proceeds from the land sale and any remaining TIF tax revenue received. The City will be actively pursuing options to sell the land or else to provide a lease that will generate sufficient revenue to pay debt service.

The projected revenue in Special Service Area #1 - \$709, Special Service Area #2 - \$16,088, Special Service Area #4 - \$13,722, Special Service Area #5 - \$3,554, and Special Service Area #8 - \$8,000 will be used to repay the General Fund for its payment of prior year's expenses related to the fund or increase reserves for future project.

The projected deficits in Special Service Area #3 (\$21,810) reflects the use of accumulated reserves to pay for expenses.

The City completed its three year road program in FY2015-16 which included drainage improvements and road repairs. The funds were depleted in FY2015-16 and the account closed. Funding for all additional road program work is and will be reflected in the General Fund.

The Water fund reflects a projected loss of (\$112,161). The City commissioned a water rate study which indicated that the current rate structure did not adequately bill customers to cover expenses and maintain adequate reserves. The recommendation of the study was to gradually increase fees to reach the appropriate rates. Therefore, the City will have a projected deficit for several more years until the rates cover expenses and proper reserves. Therefore, the loss is due to increases in depreciation and inadequate billing for reserves and infrastructure.

The projected deficit of (\$48,682) in the Parking fund reflects the unfunded depreciation expense and service charges associated with the Metra parking lot. At current utilization levels and rates, the parking lot does not generate enough revenue to pay its operating costs; much less pay the depreciation expense for future repairs and improvements. The City will be reviewing its options as it relates to the Metra parking lot retention and management.

## Transmittal Letter (Continued)

The City created a new enterprise fund, Sanitary Sewer Fund in FY2015-16. Public Act 099-0014, enacted on July 10, 2015, dissolved the Old Town Sanitary District. The act further required that each of the municipalities within the territory of the former Old Town Sanitary District would be responsible for providing services previously provided by the Old Town Sanitary District. The City is projecting a \$402,245 loss to the fund. A rate study is being prepared in FY2016-17 to help determine the rates to cover all operating and infrastructure requirements for this new fund. The new rates are anticipated to be implemented in this fiscal year, however, since the City is unsure of the future rates, the budget reflects no increase and thus the projected loss.

The Pension Fund reflects an increase in fund value of \$506,965. The increase illustrates the net amount of the City's and employees' contributions and increase in investment values less the expenses related to pension costs and payments made to officers.

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

Sincerely,

*Stephanie L. Hannon*

Stephanie L. Hannon  
Finance Director



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Award to the City of Prospect Heights, Illinois for the Annual Budget beginning May 1, 2015. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

# Section 2

---

## Organization and Services

List of Principal Officers

Organizational Chart

City of Prospect Heights Maps

City Commissions, Committees and Boards

Community Profile



# *City of Prospect Heights*

**Fiscal Year 2016-2017**

**Adopted Budget**

May 1, 2016 – April 30, 2017

## **City Council**

Nicholas J. Helmer, Mayor

Lora L. Messer, Alderman

Patrick Ludvigsen, Alderman

Lawrence Rosenthal, Alderman

Scott Williamson, Alderman

## **City Clerk**

Wendy Morgan-Adams

## **City Treasurer**

Richard Tibbits

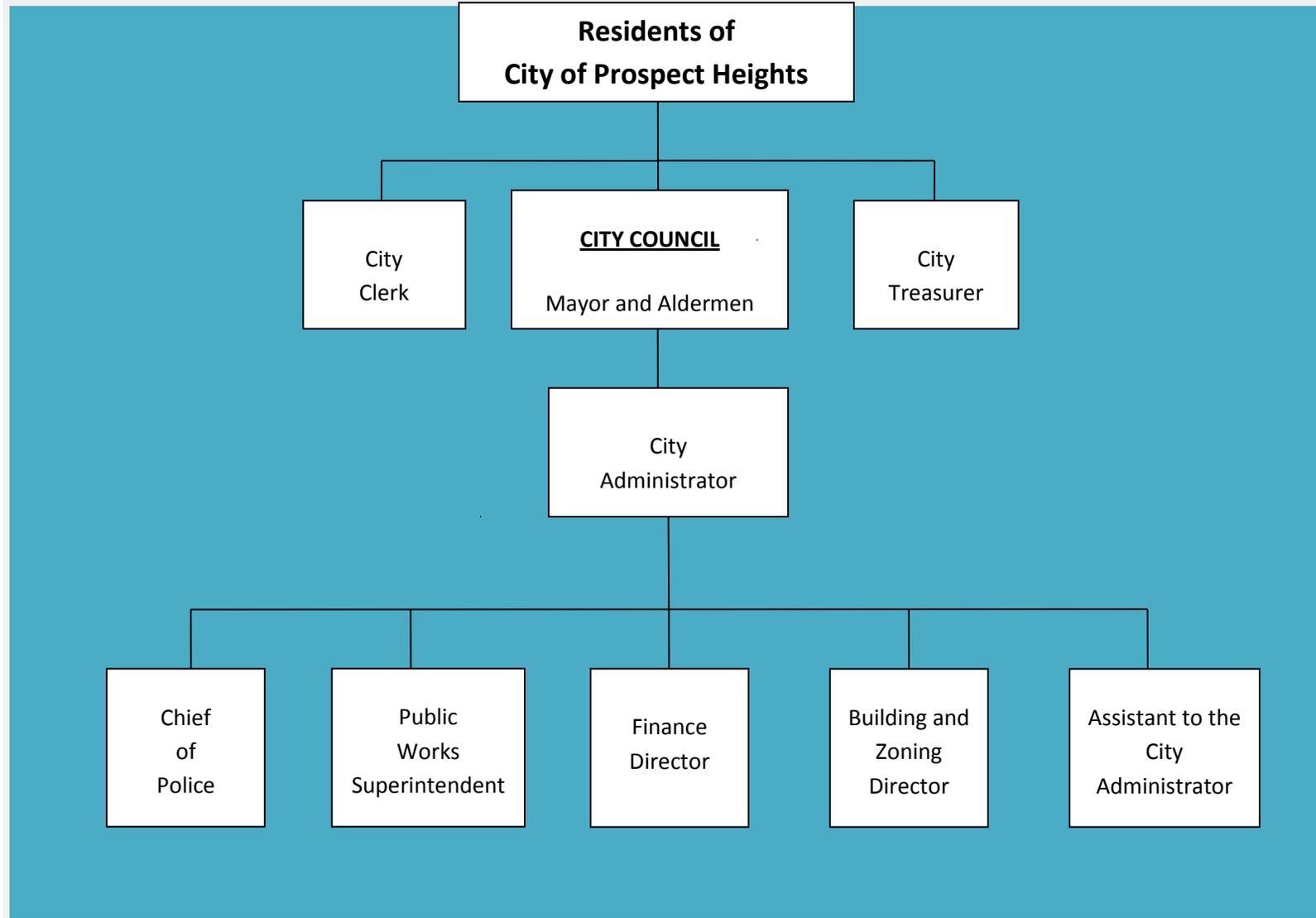
## **City Administrator**

Joe Wade

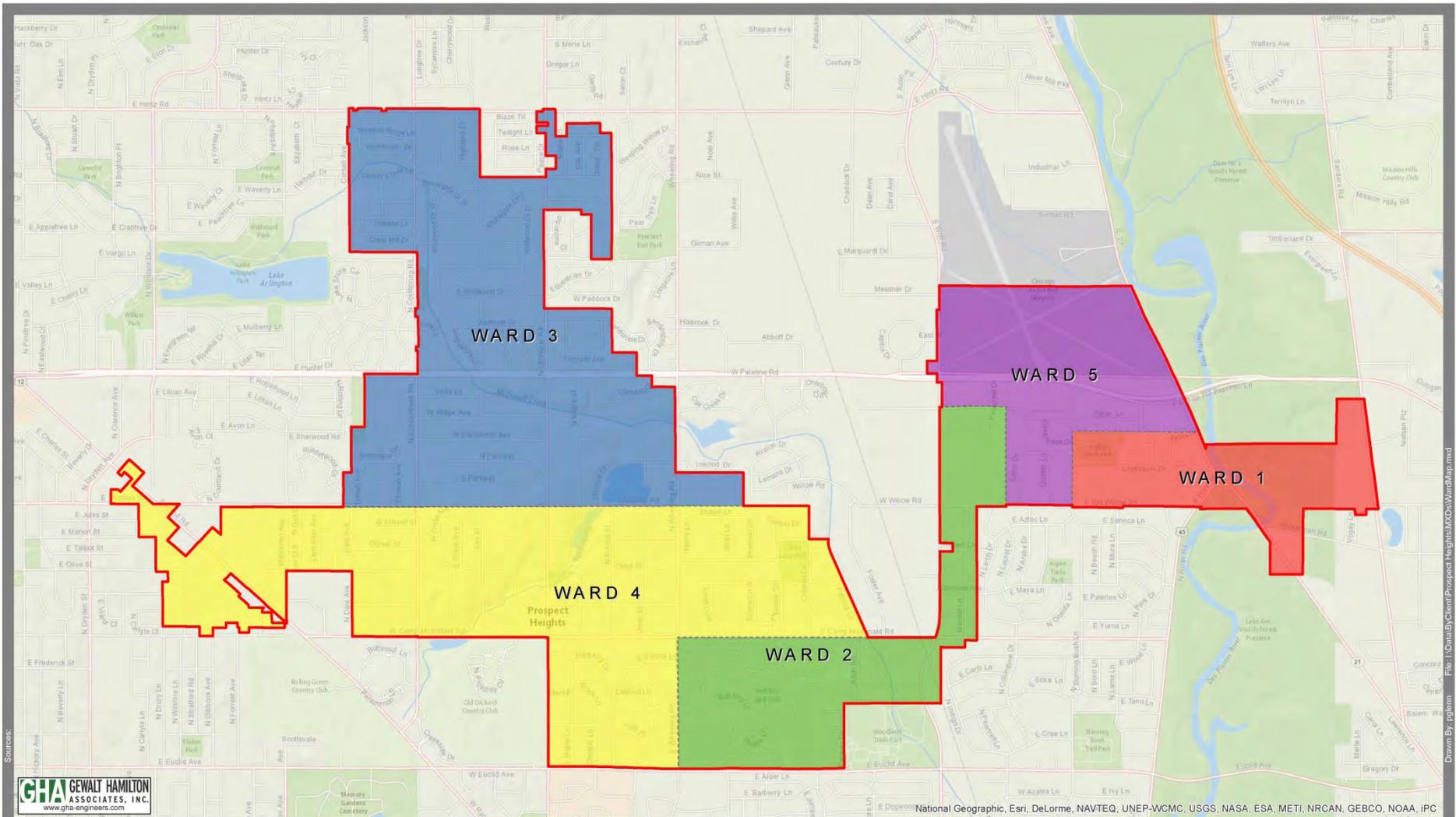
**CITY OF PROSPECT HEIGHTS, ILLINOIS**

**Organizational Chart**

**April 30, 2016**



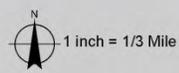




Sources:

**GHA GEWALT HAMILTON ASSOCIATES, INC.**  
www.gha-engineers.com

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



**Ward Map**  
City of Prospect Heights

Map Center: -87.92332 42.10739

Last Rev.: 3/25/2014 Project: 4755.000

Drawn By: fglorm

## **City Commissions, Committees and Boards**

City Commissions, Committees and Boards are approved by the City's Corporate Authorities. Appointments are made by the Mayor, with the concurrence of the City Council.

### **➤ Chicago Executive Airport Board of Directors**

- The Chicago Executive Airport is governed by a board of directors representing the interests of the City of Prospect Height, the Village of Wheeling, and the community. The City of Prospect Heights and the Village of Wheeling appoint directors to the Chicago Executive Airport Board of Directors. The board meets every second Thursday of the month.

### **➤ Police and Fire Commission**

- The Police & Fire Commission shall appoint all members of the police department of the city, except the chief of police, the deputy chief, part time police officers, and non-sworn personnel. The board shall make rules for and appointments to the police department as is necessary, except insofar as said power may otherwise be reserved to the Mayor and City Council. Said rules shall also provide for the imposition of discipline upon members of the police department, including, but not limited to, suspension and discharge. Said disciplinary action shall be in accordance with the statutes of the state. The Board of Fire and Police Commissioners meets monthly on the last Wednesday of the month.

### **➤ Planning & Zoning Board of Appeal**

- The Planning & Zoning Board of Appeals prepares and recommends changes in the official comprehensive plan and map of the city as may be deemed necessary by the City Council. Prepares and recommends to the City Council, plans and recommendations for specific improvements in pursuance of the official comprehensive plan and map. Reviews development applications, special use and variance requests, and other matters related to land use within the city. Arranges and conducts any form of publicity relative to its activities for the general purpose of public understanding and exercises such other powers as are now or hereafter granted by ordinances of the city. The Plan Commission meets on the fourth Thursday of every month.

### **➤ Police Pension Board**

- The Police Pension Fund is created by Illinois state statutes to control and manage the pension fund of the Prospect Heights Police Department. The five member board's duties include investing funds, enforcing contributions, keeping records of the board's meetings and other duties related to managing the Police Pension Fund. The Police Pension Board meets on a quarterly basis.

## **City Commissions, Committees and Boards (continued)**

### **➤ Natural Resource Commission**

- The mission of the Natural Resource Commission is to preserve, protect and restore natural areas and raise awareness of environmental issues affecting Prospect Heights, guiding the community in natural open space preservation efforts and encouraging private land owners to adopt land management practices that protect and enhance natural resources, and promoting community awareness and education of environmental issues affecting Prospect Height's natural resources, such as animal habitat, storm water management, and the threat of invasive species. The commission meets on the second Thursday of each month.

### **➤ Water Committee**

- The Water Committee is an advisory panel that will support the residents of the City of Prospect Heights with respect to potable water issues. The committee meets on the third Saturday of the month.

## **Community Profile**

The City of Prospect Heights, incorporated in January 1976, is located in northwest Cook County, approximately 20 miles from downtown Chicago. Occupying nearly 4.5 square miles, it is bordered by the municipalities of Glenview and Northbrook to the east, Arlington Heights to the west, Mount Prospect to the south and Wheeling to the north. Palatine Road and Elmhurst Road (IL Hwy. 83) intersect in the City east-west and north-south, respectively. Interstate Highways 294 and 290 (IL Hwy 53) are located adjacent to the City on the east and approximately 3 miles to the west, respectively. O'Hare Airport is accessible within 20 minutes to the south.

Chicago Executive Airport, jointly owned with the Village of Wheeling, sits on the northern edge of the corporate boundaries of the City. The airport, the fourth busiest in the latest report from the Illinois Department of Transportation Division of Aeronautics, serves corporate jets and private plane activity. Metra provides commuter rail service between Prospect Heights and downtown Chicago to the south and Antioch to the north. Prospect Heights is served by approximately 20 trains per day.

The City operates under the Mayor-Council form of government and is comprised of five wards with one alderman elected per ward. The Mayor, Aldermen, City Clerk and City Treasurer are elected at large every four years. The Mayor appoints the City Administrator with the consent of the City Council. The City Administrator serves as the Chief Administrative Officer of the City and directs and supervises the daily activities of the City and its employees.

The City is served by Prospect Heights School District 23 - Dwight D, Eisenhower Elementary, Betsy Ross Elementary, Anne Sullivan Elementary, Douglas MacArthur Middle School, Wheeling School District 21 – Whitman Elementary School, Twain Elementary School, Frost Elementary School, Holmes Middle School and River Trails School District 26 – Euclid Elementary School and River Trails Middle School. Township High School District 214 serves Prospect Heights. Students will attend either Wheeling High School or John Hersey High School. Prospect Heights has two public libraries: Prospect Heights Public Library and River Trails Public Library and three Fire Protection Districts: Prospect Heights, Glenbrook, and Northbrook Rural.

## **A View of the Past...**

In 1935, two young developers, Carlton Smith and Allen Dawson, built their first homes on farmland along Elmhurst Road as the start of a well-planned community to meet the dreams of depression-weary families. The first family moved in during January 1936 and by the end of the year there were six affordable homes in the pleasant rural area to be called Prospect Heights.

The development firm worked with the resilient, caring families to create and maintain a responsible community in which they could raise their children with pride. In 1938, they formed the Prospect Heights Improvement Association (PHIA). It served as a virtual government of the community for 38 years, albeit without legal authority because Prospect Heights was an unincorporated area in Cook County. By 1955, there were almost 600 homes in unincorporated Prospect Heights.

During the 1960s, the boom in development began to cause real problems. Local residents had no control over this growth and the PHIA decided that incorporation was the only solution. Over 50% of the residents voted in favor of incorporation. Thus, January 31, 1976, exactly 40 years after the first family moved in, the City of Prospect Heights was born.

## **A Vision of the Future...**

Today, Prospect Heights is a City looking into the future and exploring business and economic development opportunities. The City's leaders have taken a progressive approach toward planning for the City's future. In 2015, a new Comprehensive Development Plan was implemented. The new Comprehensive Plan will help shape and guide the type and quality of development opportunities in the City. The City is also looking at redevelopment opportunities, diversifying area businesses and infrastructure improvements to its roadways. The community and its leaders are focused on preserving the City's rich heritage, while implementing plans that will attract visitors to explore Prospect Heights's tourism district and improve the quality of life for the residents. The City's current unemployment rate is 5.2% which is slightly higher than the state average of 5.2%. Additional development will help reduce unemployment in the City.

## **Community Characteristics**

The following statistical data and graphs provide a demographic profile of the City of Prospect Heights. Notable changes from the 2000 to the 2010 Census are highlighted below. Unless otherwise noted, the source of data is the 2010 United States Census.

### ***Population***

- Prospect Heights is a diverse, relatively young community that has seen significant growth in immigrant population over the last ten years. This population growth has made the community culturally rich, as well as, challenged the City leadership to accommodate the changing demographics of the community.
- Overall Prospect Heights' population has decreased over the last 10 years. In 2000, Prospect Heights's population was 17,042. As of the 2010 United States Census, the population decreased to 16,256 residents, which represents a 4.5% decrease.

### ***Income and Educational Attainment***

- The median household income in Prospect Heights is above the median for the Chicago Metropolitan Statistical Area.
- Those individuals with at least a high school degree represented 94.2% of the population

### ***Housing Information***

- In 2000, there were a total of 6,573 total housing units. In 2010, that number grew by 49 or less than 1% to a total of 6,622 total housing units.
- There were 6,379 households in 2000. In 2010, there were a reported 6,175 households in the City. This represents a 3% decrease.
- In 2010, the median housing value was listed at \$250,243.
- In 2010, the median household income was \$60,576.

**Community Characteristics (Continued)**

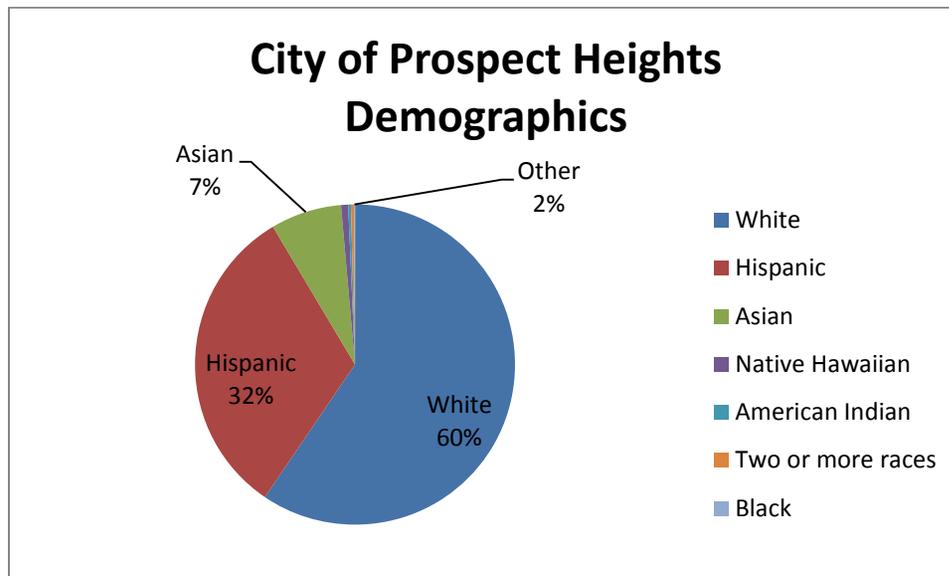
***Age Distribution***

- The median age in the City in 2010 was 37.4 years. In 2000, the median age was 35.
- In the 6,175 households that were reported in 2010, 32.6% had children under the age of 18 living with them, 25.7% had individuals aged 65 or over living with them and 56.5% were married couples living together. The average household size was 2.64 and the average family size was 3.17.

***Racial & Ethnicity Composition***

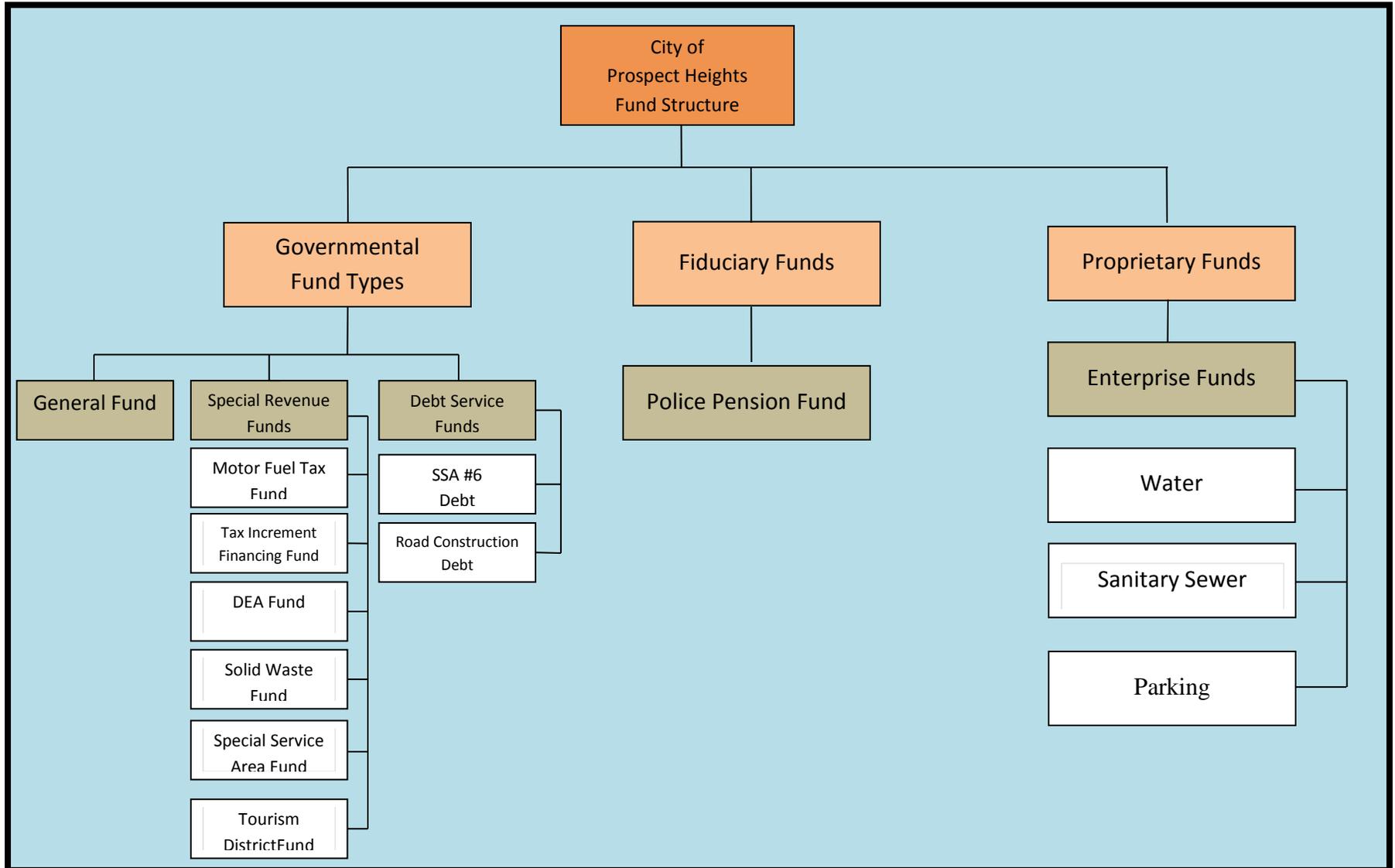
- The racial makeup of Prospect Heights is similar to neighboring communities and has historical precedent. The City’s racial demography is predominately white and includes a large number of residents of Polish and German decent. In the last ten years, Asian and Hispanic populations have also seen significant growth in Prospect Heights. The Black population has seen some decrease in the last ten years and is not expected to grow in the next five years. This mirrors trends regionally. There has been a slight population decrease in the City since 2010. The population loss is not significant and may rebound in the next five years (source: DemographicsNow).

- The racial makeup of the City in 2013 is detailed below:



<u>Race</u>	<u>Individuals</u>	<u>%</u>
<b>White</b>	9,787	59.51%
<b>Hispanic</b>	5,251	31.93%
<b>Asian</b>	1,177	7.16%
<b>Native Hawaiian</b>	117	0.71%
<b>American Indian</b>	46	0.28%
<b>Two or more races</b>	51	0.31%
<b>Black</b>	16	0.10%

**CITY OF PROSPECT HEIGHTS, ILLINOIS**  
**Fund Structure**  
**April 30, 2016**



**Department Fund Relationship Structure**

Fund Type	Fund	Department	Department Summary Page	Total Expenditures
<b>General</b>	<b>General</b>	<b>Total</b>	<b>35-36</b>	<b>\$9,004,541</b>
		City Council & Board	82	\$93,585
		Administration	83-86	\$1,268,885
		Building & Development	87-89	\$627,180
		Public Works	90-93	\$1,047,283
		Public Safety	94-99	\$4,701,431
		Grants	100-101	\$87,084
		Debt	68-72 & 101	\$188,871
		Capital Outlay	102 & 135-141	\$802,000
		All other	100	\$188,222
<b>Special Revenue</b>		<b>Total</b>		<b>\$2,946,169</b>
	Motor Fuel Tax	Public works	104-105	\$644,000
	Palatine/Milwaukee TIF	Administration & Public Works	106-107	\$556,871
	Tourism District	Administration, Public Works, Police	108-109	\$815,799
	DEA Seizure	Public Safety	110-111	\$32,968
	Solid Waste Fund	Administration & Public Works	112	\$497,804
	Special Service Areas 1-5 and 8	Administration & Public Works	114-119	\$398,727
<b>Debt Service</b>		<b>Total</b>		<b>\$1,545,114</b>
	SSA #6	Non-Departmental	121	\$241,703
	Road Construction	Non-Departmental	121	\$1,303,411
<b>Fiduciary Fund</b>	Police pension	Non-Departmental	129	\$438,565
<b>Enterprise Funds</b>		<b>Total</b>		<b>\$1,698,308</b>
	Water	Public Works	123-124	\$928,106
	Parking	Building & Development & Public Works	125	\$112,682
	Sanitary Sewer	Public Works	126-127	\$657,520
		<b>Total Funds</b>		<b>\$15,632,698</b>

# Section 3

---

## Budget Process and Structure

Budget Process

Budget Timetable

Basis for Budgeting and Fund Structure

Account Numbers



# Budget Process and Structure

## Budget Process

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

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

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

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

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

# Budget Time Table

<b>January 16, 2016</b>	FY2016-17 Proposed Budget Worksheets distributed to staff
<b>January 29, 2016</b>	Completed General fund budget worksheets due to Finance
<b>February 1-19, 2016</b>	Finance enters staff's FY2016-17 budgets in General fund and Prepares report of preliminary budget for City Council
<b>February 22, 2016</b>	<b>6:30 pm City Council Meeting</b> FY2016-17 Preliminary budget provided to City Council
<b>February 27, 2016</b>	<b>8:30 a.m. FY2016-17 Budget Workshop</b>
<b>March 7, 2016</b>	Public Hearing Notice appears in Journal & Topics Fiscal Year 2016-17 Proposed Budget available to public
<b>March 1-11, 2016</b>	Meetings with staff to review each department's proposed budgets
<b>March 14-18, 2016</b>	Finance prepares budget narrative, tables, schedules
<b>March 21, 2016</b>	<b>6:20 pm Public Hearing</b> FY2016-17 Proposed Budget document distributed to Council/Staff <b>6:30 pm City Council Meeting</b> Fiscal Year 2016-17 Proposed Budget (1 <sup>st</sup> Reading)
<b>April 5, 2016</b>	<b>6:30 p.m. FY2016-17 2<sup>nd</sup> Budget Workshop</b>
<b>April 11, 2016 &amp; May 19, 2016 CIP</b>	<b>6:30 pm. Regular City Council Meeting</b> Adopt Fiscal Year 2016 Budget (2 <sup>nd</sup> Reading)
<b>April 29, 2016</b>	<b>Deadline for adopting Fiscal Year 2016-17 Budget</b>
<b>May 24, 2016</b>	<b>Filing Deadline with Cook County Clerk</b> Certified copy of Fiscal Year 2016-17 Budget
<b>June 13, 2016</b>	Budget Bound and Distributed to Council and Staff

# Basis for Budgeting and Fund Structure

## Basis for Budgeting

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

## Fund Structure

The City uses the following fund types:

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

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

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

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

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

## **Basis for Budgeting and Fund Structure (Continued)**

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

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

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

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

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

All funds are present in the 2016-2017 Fiscal Year Budget except for the Capital Projects Fund.

## Account Numbers

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

01-340-5700

The first two digits indicate the fund

01	GENERAL FUND
11	MOTOR FUEL TAX FUND
12	PALATINE/MILWAUKEE TIF FUND
13	TOURISM DISTRICT FUND
14	DEVELOPMENT FUND
15	SALES TAX NON-HOME RULE FUND
16	DEA SEIZURE FUND
17	SOLID WASTE DISPOSAL FUND
21	SSA #1 FUND
22	SSA #2 FUND
23	SSA #3 FUND
24	SSA #4 FUND
25	SSA #5 FUND
26	SSA #6 FUND
28	SSA #8 FUND
31	ROAD CONSTRUCTION FUND
41	ROAD CONSTRUCTION DEBT SERVICE FUND
46	SSA #6 DEBT SERVICE FUND
51	WATER FUND
52	PARKING FUND
53	SANITARY SEWER FUND
71	POLICE PENSION FUND
72	ROAD & BUILDING BOND ESCROW FUND

The second three digits indicate the department

000	BALANCE SHEET
100	REVENUES
105	LOCAL TAXES
110	INTERGOVERNMENTAL REVENUES
115	GRANTS REVENUE
120	LICENSES & FEES
125	FRANCHISE FEES
140	PUBLIC SAFETY FINES & FEES
145	PUBLIC SAFETY SPECIAL REVENUE
130	BUILDING REVENUE & FEES
150	INTERFUND SERVICE CHARGES
155	REIMBURSABLE INCOME
160	OTHER REVENUES
200	OTHER FINANCING SOURCES
300	EXPENSES
310	CITY COUNCIL & BOARDS
320	ADMINISTRATION
330	ENGINEERING
340	BUILDING DEPARTMENT
350	PUBLIC WORKS
360	PUBLIC SAFETY
365	PUBLIC SAFETY-SPECIAL ACCT EXP
370	REIMBURSABLE EXP
390	GRANTS
400	DEBT SERVICE
500	CAPITAL OUTLAY GENERAL
550	PUBLIC WORKS CAPITAL OUTLAY
560	PUBLIC SAFETY CAPITAL OUTLAY
600	OTHER FINANCING USES

The third four digits indicate category to be charged

4000-4099	SALARIES
4100-4199	INSURANCE BENEFITS
4200-4299	PENSION BENEFITS
4300-4399	OTHER BENEFITS
5000-5099	MAINTENANCE SERVICES
5100-5199	PROFESSIONAL SERVICES
5200-5299	COMMUNICATIONS
5300-5399	PROFESSIONAL DEVELOPMENT
5400-5499	SERVICE CHARGES AND FEES
5500-5599	OTHER CONTRACTUAL SERVICES
5600-5649	MAINTENANCE SUPPLIES
5700-5799	GENERAL SUPPLIES
5800-5849	PRINTED MATERIALS
5850-5899	NON-PRINTED MATERIALS
5900-5949	GRANT EXPENSE
5950-5999	OTHER EXPENDITURES
6000-6099	DEBT SERVICE
7000-7099	CAPITAL OUTLAY
8000-8099	OTHER FINANCING USES

# Section 4

---

## Executive Overview

Budget in Brief

Strategic Planning

Revenue Trends and Projections

Expenditure Trends and Projections

Debt Position

Fund Balance Projections by Fund



## Executive Overview

### Budget in Brief

The City of Prospect Heights embraces a fiscally conservative and forward looking approach to budgeting for the operations of municipal government. The basis for developing the overall budget relies upon the initial forecast of anticipated revenues derived from taxes, fees, licenses, intergovernmental revenues, fines, investment proceeds and interfund transfers. The following table depicts total revenues for all funds for the years ending 2014 to 2017.

### Revenues by Category

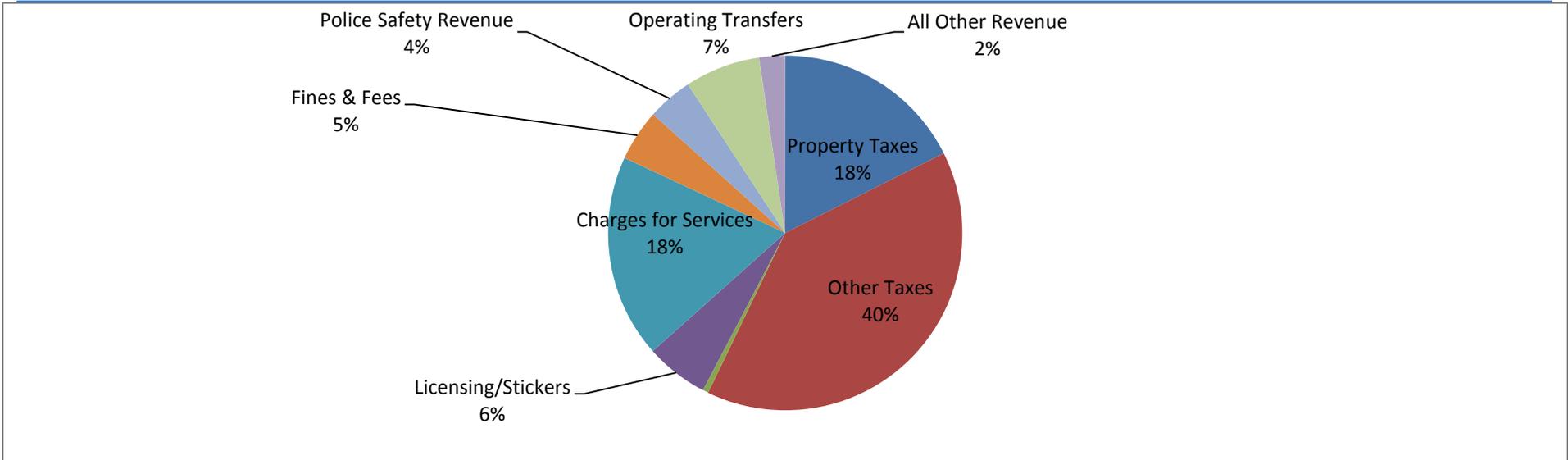
The total revenues budget for fiscal year 2016-2017 is \$14,974,865.

<b>Account Category</b>	<b>Actuals 2013-2014</b>	<b>Actuals 2014-2015</b>	<b>Budget 2015-2016</b>	<b>Budget 2016-2017</b>
Property Taxes	\$ 2,820,933	\$ 2,841,945	\$ 2,630,276	\$ 2,635,071
Other Local Taxes	2,912,431	2,967,438	2,791,759	2,871,862
Intergovernmental Taxes	3,405,988	3,185,779	3,121,546	3,052,783
Grant Revenue	466,797	319,402	101,079	75,779
Vehicle Stickers	894,474	764,058	690,280	690,280
Licenses	169,174	168,310	161,562	168,562
Franchise Fees	309,453	327,484	291,500	291,500
Building & Development Fees	391,375	354,169	559,277	406,950
Public Safety Fines & Fees	849,736	755,187	628,300	578,300
Public Safety Special Revenue	383,533	305,421	63,560	38,500
Interfund Service Charges	1,482,282	1,271,200	1,133,204	1,186,800
Reimbursable Income	154,457	158,828	132,360	121,353
Other Revenues	1,377,150	1,356,660	1,051,103	685,990
Water Revenues	783,579	774,809	814,193	815,945
Sanitary Sewer Revenues	-	-	320,138	255,275
Parking Revenues	65,752	69,070	64,007	64,000
Solid Waste Revenues	565,447	562,436	567,310	460,200
Sale of Property	-	1,424,932	-	-
Proceeds from Debt	-	-	-	-
Interfund Transfers	931,159	687,626	674,833	575,716
<b>Grand Total - All Fund Revenue</b>	<b>\$ 17,963,720</b>	<b>\$ 18,294,753</b>	<b>\$ 15,796,287</b>	<b>\$14,974,865</b>

**Summary of Revenues by Source – All Funds**

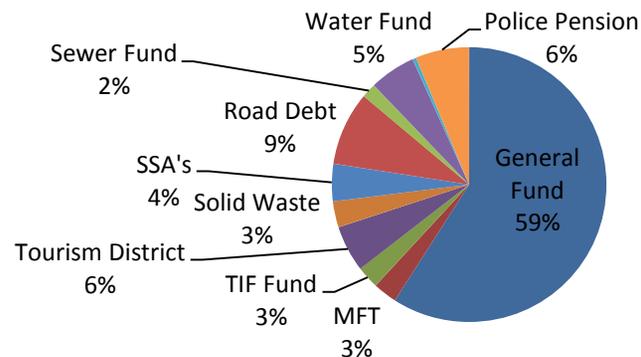
The chart below summarizes total revenues by source including transfers. The other taxes classification incorporates state shared taxes including: income, sales, motor fuel taxes, and local taxes including: non-home rule sales tax, use tax, telecom tax, utility taxes, places for eating tax, rental car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

<u>Description</u>	<u>General Fund</u>	<u>MFT</u>	<u>Development Fund &amp; TIF</u>	<u>Tourism District</u>	<u>Solid Waste</u>	<u>SSA's</u>	<u>Road Construction</u>	<u>Water Fund</u>	<u>Parking</u>	<u>Police Pension</u>	<u>All Funds</u>
Property Taxes	\$287,064		\$392,994			\$657,303	\$1,297,710				\$ 2,635,071
Other Taxes	4,687,815	421,030		815,799							5,924,645
Grant Revenue	75,779		-								75,779
Licensing/Stickers	858,842										858,842
Charges for Services	1,186,800				460,000			1,068,220	64,000		2,779,020
Fines & Fees	698,450										698,450
Police Safety Rev	616,800										616,800
Proceeds from Debt	-		-								-
Operating Transfers	288,651		-							741,824	1,030,476
All Other Revenue	148,263	200	-	174	200	240	-	3,000	-	203,706	355,783
<b>Total Revenue</b>	<b>\$8,848,465</b>	<b>\$421,230</b>	<b>\$392,994</b>	<b>\$815,973</b>	<b>\$460,200</b>	<b>\$657,543</b>	<b>\$1,297,710</b>	<b>\$1,071,220</b>	<b>\$64,000</b>	<b>\$945,530</b>	<b>\$14,974,865</b>



**Summary of Revenue by Fund**

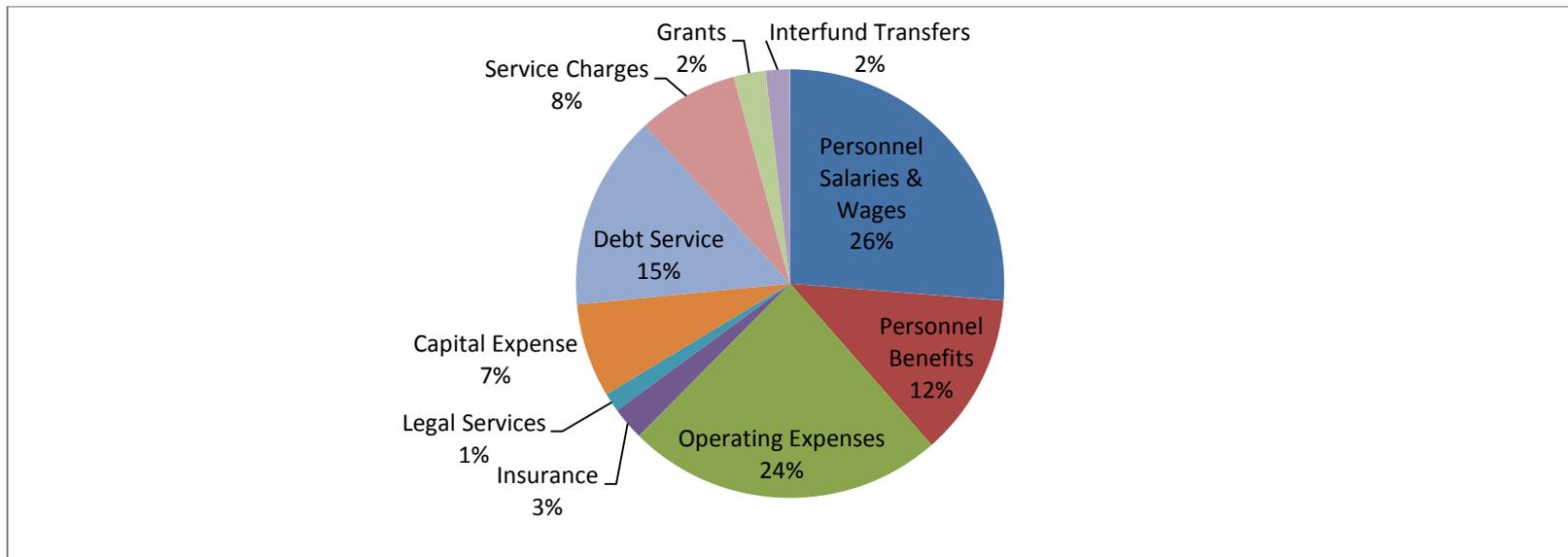
	<b>Actuals 2013-2014</b>	<b>Actuals 2014-2015</b>	<b>Actuals 3-31-16 YTD</b>	<b>Amended Budget 2015-2016</b>	<b>Budget 2016-2017</b>	<b>Increase/ (Decrease)</b>
<b>General Fund</b>	\$10,808,173	\$9,422,618	\$7,490,556	\$9,329,186	\$8,848,465	(\$480,721)
<b>Motor Fuel Tax</b>	571,444	489,925	349,324	419,605	421,230	1,625
<b>Palatine/Milwaukee TIF Fund</b>	630,803	537,291	289,958	393,046	392,994	(52)
<b>Tourism District</b>	758,800	777,488	685,932	750,348	815,973	65,625
<b>Development Fund</b>	17,004	1,482,812	205	93	-	(93)
<b>DEA Seizure Fund</b>	296,105	255,784	51,058	-	-	-
<b>Solid Waste Disposal Fund</b>	565,447	562,436	468,640	567,310	460,200	(107,110)
<b>SSA #1</b>	41,102	23,568	27,401	28,502	28,500	(2)
<b>SSA #2</b>	68,715	40,020	44,109	45,508	45,500	(8)
<b>SSA #3</b>	11,366	20,800	23,630	24,221	24,200	(21)
<b>SSA #4</b>	43,866	31,588	40,642	40,010	42,800	2,790
<b>SSA #5</b>	3,048	6,438	5,730	65,775	65,735	(40)
<b>SSA #6 Debt/Debt</b>	240,062	252,600	251,125	238,559	238,553	(6)
<b>SSA #8</b>	255,063	209,016	200,584	212,310	212,255	(55)
<b>Road Construction</b>	746	100,248	360	360	-	(360)
<b>Road Construction Debt</b>	1,251,293	1,538,321	1,323,616	1,297,710	1,297,710	-
<b>Water Fund</b>	783,579	774,809	668,905	814,193	815,945	1,752
<b>Sanitary Sewer Fund</b>	-	-	240,659	320,138	255,275	(64,863)
<b>Parking Fund</b>	65,752	69,070	65,174	64,007	64,000	(7)
<b>Police Pension</b>	1,551,343	1,599,922	652,194	1,185,406	945,530	(239,876)
<b>Total Funds</b>	<b>\$17,963,713</b>	<b>\$18,194,753</b>	<b>\$12,879,801</b>	<b>\$15,796,287</b>	<b>\$14,974,865</b>	<b>(\$821,422)</b>



**Summary of Expenditures by Category – All Funds**

The development of projected expenses relies upon the forecasting of categorical expenditure in the areas of personnel salaries and benefits, operating expenses, insurance and liability expenses, legal expenses, capital equipment and improvement expense, and interfund transfers. As a service provider, the majority of the City’s budget (26 percent) is allocated to personnel salaries and benefits. Thus a great deal of effort is expended in managing collective bargaining activities, wage compensation programs and employee benefits as a core cost containment strategy. The following table depicts total expenses by category for all funds for the Fiscal Years ending 2014 to 2017 (proposed)

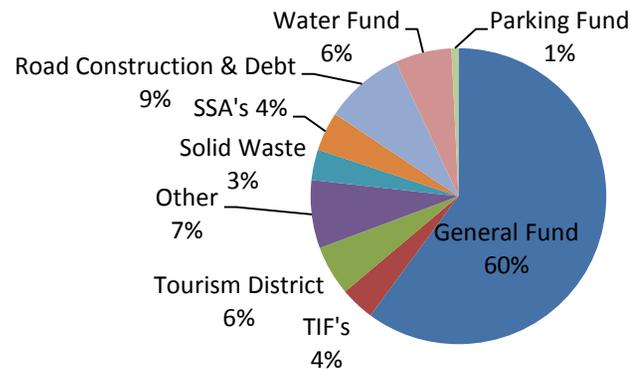
	<b>Actuals 2013-2014</b>	<b>Actuals 2014-2015</b>	<b>Actuals 3-31-16 YTD</b>	<b>Amended Budget 2015-2016</b>	<b>Budget 2016-2017</b>	<b>Increase/ (Decrease)</b>
<b>Personnel Salaries &amp; Wages</b>	\$3,593,331	\$3,676,599	\$3,643,782	\$4,046,158	\$4,104,270	\$58,112
<b>Personnel Benefits</b>	1,603,278	1,688,393	1,408,087	1,856,170	1,918,601	62,431
<b>Operating Expenses</b>	2,888,546	3,782,534	3,004,716	4,006,661	3,737,823	(268,838)
<b>Insurance</b>	287,902	307,846	316,766	355,390	388,718	33,328
<b>Legal Services</b>	212,486	188,441	99,771	182,000	225,200	43,200
<b>Capital Expense</b>	3,969,481	3,007,209	2,012,120	2,556,404	1,107,000	(1,449,404)
<b>Debt Service</b>	2,077,695	3,142,492	7,196,032	7,235,606	2,299,900	(4,935,706)
<b>Service Charges</b>	1,482,282	1,271,200	958,281	1,133,204	1,186,800	53,596
<b>Grants</b>	526,563	488,633	439,702	478,840	375,735	(103,105)
<b>Interfund Transfers</b>	658,190	403,433	314,764	394,764	288,651	(106,113)
<b>Total Expenses</b>	<b>\$17,299,754</b>	<b>\$17,956,780</b>	<b>\$19,394,021</b>	<b>\$22,245,197</b>	<b>\$15,632,698</b>	<b>(\$6,612,499)</b>



**Summary of Expenditures – All Funds**

	<b>Actuals 2013-2014</b>	<b>Actuals 2014-2015</b>	<b>Actuals 3-31-16 YTD</b>	<b>Amended Budget 2015-2016</b>	<b>Budget 2016-2017</b>	<b>Increase/ (Decrease)</b>
<b>General Fund *</b>	\$7,466,114	\$8,372,343	\$7,741,574	\$9,197,583	\$9,004,541	(\$193,042)
<b>Motor Fuel Tax</b>	430,619	335,379	295,738	676,100	644,000	(32,100)
<b>Palatine/Milwaukee TIF Fund</b>	613,142	2,142,068	750,194	856,597	556,871	(299,726)
<b>Tourism District</b>	965,031	942,873	1,282,555	1,428,878	815,799	(613,079)
<b>Development Fund</b>	248,253	938,510	4,864,272	4,914,778	0	(4,914,778)
<b>DEA Seizure Fund</b>	102,690	89,496	416,249	423,827	32,968	(390,859)
<b>Solid Waste Disposal Fund</b>	529,224	500,601	515,336	509,693	497,804	(11,889)
<b>SSA #1</b>	32,886	37,384	32,975	40,297	27,791	(12,506)
<b>SSA #2</b>	36,511	39,211	53,039	41,431	29,412	(12,019)
<b>SSA #3</b>	50,938	50,201	57,057	66,792	46,010	(20,782)
<b>SSA #4</b>	32,936	38,924	38,128	41,619	29,078	(12,541)
<b>SSA #5</b>	48,965	62,535	204,029	221,022	62,181	(158,841)
<b>SSA #6 Construction &amp; Debt</b>	290,106	288,812	268,652	269,136	241,703	(27,433)
<b>SSA #8</b>	181,041	149,579	195,649	264,886	204,255	(60,631)
<b>Road Construction/Debt</b>	5,008,133	2,300,229	1,611,306	1,624,795	1,303,411	(321,384)
<b>Water Fund</b>	816,233	781,542	596,447	996,548	928,106	(68,442)
<b>Sanitary Sewer Fund</b>	0	0	76,227	204,202	657,520	453,318
<b>Parking Fund</b>	111,931	96,553	51,730	104,242	112,682	8,440
<b>Police Pension</b>	335,001	790,540	342,863	362,771	438,565	75,794
<b>Total Funds</b>	<b>\$17,299,754</b>	<b>\$17,956,780</b>	<b>\$19,394,021</b>	<b>\$22,245,197</b>	<b>\$15,632,698</b>	<b>(\$6,612,499)</b>

\* Includes Road & Bond Escrow Fees



### Summary of Expenditures by Fund and Category

The chart below provides expenditure summary for all 20 City funds and the Pension Fund and further divides those fund totals into expenditures by category. The total budget for all City Expenditures in 2016-17 is \$15,632,698. The total is 29.73 percent lower than the 2015/2016 budget and 12.95 percent lower than actual amounts spent in 2014/2015. 57.6 percent of all expenditures support the General Fund. The General Fund is the main operating fund of the City and accounts for critical core services such as police and public works.

	Salaries & Benefits	Operating Expenses	Legal Services	Capital Expense	Debt Service	Service Charges	Insurance	Grants	Interfund Transfers	Total
General Fund *	\$5,776,269	\$1,587,717	\$225,200	\$802,000	\$188,871		\$337,399	\$87,084	-	\$9,004,541
Motor Fuel Tax		80,000		300,000		264,000				644,000
Palatine/Milwaukee TIF Fund		5,466	-	-	491,305	60,100				556,871
Tourism District		166,482				72,000		288,609	288,609	815,799
Development Fund		-			-		-			-
DEA Seizure Fund	10,000	17,968		5,000						32,968
Solid Waste Disposal Fund		374,804				123,000				497,804
SSA #1		1,376		-		25,700	715			27,791
SSA #2		1,417		-		27,500	495			29,412
SSA #3		1,430		-		42,600	1,980			46,010
SSA #4		1,403		-		27,400	275			29,078
SSA #5		16,517		-		44,500	1,164			62,181
SSA #6 Construction & Debt		2,450			239,253	-				241,703
SSA #8		127,543		-	2,250	74,000	462			204,255
Road Construction & Debt		5,700		-	1,297,711					1,303,411
Water Fund	129,264	511,029			25,510	224,000	38,303			928,106
Sanitary Sewer Fund	107,337	374,770				175,000	413			657,520
Parking Fund		78,169				27,000	7,513			112,682
Police Pension		438,565								438,565
<b>Total Funds</b>	<b>\$6,022,871</b>	<b>\$3,792,808</b>	<b>\$225,200</b>	<b>\$1,107,000</b>	<b>\$2,244,900</b>	<b>\$1,186,800</b>	<b>\$388,718</b>	<b>\$375,693</b>	<b>\$288,609</b>	<b>\$15,632,698</b>

\* Includes Road & Bond Escrow Fees  
City of Prospect Heights

### Personnel and Benefits

The City of Prospect Heights relies upon a lean and efficient professional staff to accomplish the mission, vision and strategic goals of the operation. The City has historically maintained a highly competitive total workforce compared to other municipalities in the region. The City's employee count per 1,000 population has remained flat. The City began hiring back officers and hiring part-time officers in FY2012-2013 to provide additional protection, reduce overtime expenses, handle additional issues arising from increased business establishments, and monitor the tourism district. The City filled openings in the City Administrator and Assistant City Administrator positions, added an Audio Visual Technician, and two part-time summer help for the public works department in FY2015-16. The decrease in headcount in FY2016-17 is attributable to a decrease in part-time summer help for the public works department from four to two employees, the elimination of the special advisor to the Mayor position offset by the addition to the public works department for a sanitary sewer maintenance employee and building and zoning planner/inspector. The City feels with the decrease in part-time positions and new public works employee are sufficient to maintain City services at appropriate levels.

The following table depicts total employees by department as of April 30<sup>th</sup> 2014 to April 30<sup>th</sup> 2017.

Department	Actual Year-End FY2013-2014		Actual Year-End FY2014-2015		Amended Budget FY2015-2016		Budget FY2016-2017	
	FT	PT	FT	PT	FT	PT	FT	PT
Administration	3.5	2	1.5	2	3	3	3	3
Building & Dev/Engineering	4		3	1	3	2	3	1
Public Works	5		6	2	5	4	5	2
Public Safety	26	6	27	8	27	8	27	8
Water/Sewer	1.5		1.5		2		3	
<b>Total</b>	<b>41</b>	<b>8</b>	<b>39</b>	<b>13</b>	<b>40</b>	<b>17</b>	<b>42</b>	<b>14</b>
<b>Full and Part-Time Grand Total</b>	49		52 (1)		57 (2)		56 (3)	

#### Notes:

- (1) Increase from FY2013-14 to FY2014-15 was related to the addition of a records clerk, part-time code enforcement officer, two part-time summer help for the public works department to cut grass, promotion of the assistant building and coding director to the position of Public Works Director, new police officer offset by the loss of the City Administrator and Assistant to the City Administrator.
- (2) Increase from FY2014-15 to FY2015-16 was related to the hiring of the City Administrator, Assistant to the City Administrator, Part-time Audio Visual employee, special advisor to the Mayor, two additional part-time summer help for public works, and additional work allocated to the sewer department from the administration department.
- (3) Decrease from FY2015-16 to FY2016-17 was related to the elimination of the Special Advisor to the Mayor position, two part-time summer help in the Public Works Department, offset by the hiring of an additional public works maintenance employee to assist in the new Sewer Department and a Building and Zoning planner/building inspector.

# Strategic Planning

The goal for the City of Prospect Heights is to create a new identity that supports business attraction and retention and encourages new development. Key to achieving this goal is the maintenance of the existing community character as well as preserving unique natural resource assets. The creation of connections between recreational areas, residential neighborhoods and retail districts through sidewalk, streetscape and trail improvements will help to foster a greater sense of place and community identity. The recommendations and strategies listed below will provide a framework of policies to help implement this vision.

In the next five years, the City of Prospect Heights will address these major strategic goals:

- Financial sustainability
  - Promote a strong and diverse economic base through recruiting businesses and encouraging new business growth
- Economic vitality and innovation
  - Create a more formalized town center or downtown district in the center of the community
  - Implement a strategy that results in 100% growth in retail activity
  - Diversify the economy/revitalize the blighted areas
- Well-planned commercial and residential growth
  - Implement the comprehensive plan approved on September 8, 2014
- Housing and employment diversity
  - Promote the creation of a variety of housing option for all segments of the community
- Operational excellence
  - Invest in staff and their development and create a high performing organization
  - Maintain quality essential routine services and supporting infrastructure
- Communication
  - Create a communication process that provides measurable improvement in resident trust in government
- Natural Resource and Environmental stewardship
  - Enhance environmental quality and sustainability
- Intergovernmental Relations
  - Strengthen coordination and cooperation between the City and surrounding communities, the county, and state government agencies.

## Strategic Planning (continued)

It is proposed for FY 2016/2017 that the City further develop its strategic planning process. The City strives to align its financial plan with its core values.

Department	Mission	Objectives	Programs	Measurement	Timeline
<b>Administration</b>	Provide for a comprehensive approach to the delivery of services, development of the community and advancing the interest of the City in a diverse and inclusive environment.	Access and implement changes in process work flows staffing and operations to provide for greatest efficiency in delivering services at expected levels.	Develop strategies to maintain a highly qualified, motivated, innovative, skilled and well trained workforce within a competitive environment	Review and analyze surrounding similar sized community's workforce numbers and salaries.	Prepare an annual report of salary and workforce comparisons to surrounding communities.
<b>Building &amp; Development</b>	To enhance the quality of life, protect life and property, encourage quality growth, development and redevelopment through efficient, consistent and collaborative application of the building and development codes.	Improve timely review of permit and development applications; Upgrade and adopt City codes to meet our mission; Consistent and fair implementation and enforcement; Improve public awareness and education of the Department services.	Implement a public awareness and education campaign for residents, businesses and property owners. Streamline the permit review and inspection process to enhance efficiency. Actively work to promote the economic vitality of the community.	Number of residential permits issued, average number of working days from permit application to approval, total number of permits issued	The City is beginning the process of measuring and analyzing programs in FY2016-17. Analysis and reporting will occur at the end of FY2016-17
<b>Finance</b>	To optimally manage the City's finances through its accounting, purchasing and billing functions in order to ensure the proper safeguarding and preservation of City assets.	Ensure all the financial operations and transactions of the City which includes accounts payable, payroll, cash management, grant administration, internal audit, purchasing, utility system billings and collections are adequately managed and accounted for in accordance with GAAP, GASB and all other laws.	Automate processes and provide for web based services to residents and businesses, improve internal controls and reporting functions.	Review number of residents that pay in person versus on-line for water/sewer billing and vehicle stickers	The City implemented the auto-pay function in FY2015-16. The City will perform an analysis to determine the efficiency of the program.

Department	Mission	Objectives	Programs	Measurement	Timeline
<b>Police</b>	To work in partnership with the citizens of Prospect Heights to enhance the quality of life by raising the level of public safety through law enforcement.	Cultivate a talent pool of new and existing employees with diverse backgrounds and experiences, encourage innovation and new perspectives. Provide leadership development opportunities for staff and provide our citizens and businesses with high quality patrol, investigative, outreach and records management services.	Deploy communications and reporting systems that meet applicable requirements, provide stable communications infrastructure, and assist operational activities.	Response times will be reviewed and compared to other departments.	Monthly reviews will be performed and compared for improvement.
<b>Public Works</b>	Strive to offer the best internal and external customer service possible by maintaining and enhancing the City's core infrastructure including streets, sanitary & storm sewers, water system, snow/storm management, fleet management, grounds, Levee 37, bridges, storm-water management and forestry and with adequate levels of service for each asset category.	Establish and refresh an operations manual and complaint tracking system. Develop and explore opportunities to minimize the use of resources, both labor and capital where adequate levels of service can be maintained. Streamline Seek multi-agency cooperation where economies of scale may be realized.	Maintain a highly trained workforce with diverse skill sets, providing flexibility in times of need and adaptability to changing infrastructure conditions. Continue the Tree Removal/Planting Program, R&R Sidewalks Program, water and sanitary sewer system upgrade and repairs and Crack-Sealing Program.	Monitor and account for potholes repair and cost per repair.	Weekly review and accountability will be performed to determine efficiency.

## Strategic Planning Process

There are several planning processes in place to guide the City in its decision making. Many of these processes allow for direct resident input through public hearings, community meetings, or participation in Council-appointed committees and boards. The City's planning processes includes:

Planning Process	Description
Citywide Vision, Mission, Goals and Values	Set the overall tone of the organization and guides employees in managing the daily operations of the City
Comprehensive Plan	A guide designed to establish development strategies and policies for future growth over the next 10 years. This Plan assesses existing conditions and provides recommendations for land use development, transportation improvement, expansion of the City's economic base, enhanced retail and commercial opportunities, protection of natural resources and connectivity within the City
Water and Sewer Plan	A plan for water and sewer is to be implemented to ensure the health, safety, and welfare of the City residents and provide that existing and future water supply and wastewater disposal needs and infrastructure are met
Capital Improvement Plan	A five year guide to assist in long range planning for the City capital needs. Details of the recommended Capital Improvement plan are found beginning on page 116
Transportation Planning	A plan to assist Prospect Heights in becoming a transit-supportive and connected community by enhancing the existing transportation system to provide balanced priority to transportation facilities and amenities including bike, pedestrian, automobile and public transit.
Fiscal Policy Guidelines	Policies guiding the financial management of the City or Prospect Heights are approved by the City Council to ensure fiscally sound government. The adoption and compliance of these policies is an important factor in Rating Agency reviews. A summary of the City's policies can be found in the Section 12 Supplemental Information
Annual Budget Process	The City Administration works with the Department Directors to develop a recommended budget. Many of the decisions included in the budget are driven by the City's budget process described on page 18-22
Five Year Financial Plan	A five year financial forecast will be developed annually as a tool to anticipate potential budget shortfalls.

# Comprehensive Plan Implementation Checklist

Residential Uses		
Action Items	Time Line	Related Policies (Applies to all Actions)
Prospect Heights will become a transit-supportive and connected community by enhancing the existing transportation system to provide balanced priority to transportation facilities and amenities including bike, pedestrian, automobile and public transit.	Short-term 0-3 years	Connect schools to residential neighborhoods with complementary uses and sidewalks along corridors.
Review residential zoning regulations for consistency with the Comprehensive Plan vision and identify any needed revisions	Short-term 0-3 years	Maintain generous yards and large single-family lots within existing single-family residential neighborhoods.
Actively market residential opportunity sites within the City to developers and coordinate proposals for new development with the goals of the Comprehensive Plan	Short-term 0-3 years	Preserve existing single-family residential neighborhoods by maintaining the current regulatory framework and providing oversight to new development to ensure it complements the existing neighborhood character.
Acquire properties within areas designated for redevelopment	Mid-term 3-6 years	Partner with municipal, non-profit, private and regional organizations in an effort to identify opportunities for affordable housing and expand the diversity of housing stock.
Identify strategic corridors to create new pedestrian and cycling connections from residential areas to community facilities and schools along arterial streets	Planning for sidewalks: short-term (0-3 years); phased construction: mid-term (3-6 years)	Utilize municipal resources for maintenance and improvement of existing multi-family residential housing units using a combination of incentives to property owners, regulations and enforcement.

Institutional Uses		
Action Items	Time Line	Related Policies (Applies to all Actions)
Coordinate with Harper College's strategic plan, encourage growth of the College by creating supportive zoning adjacent to the existing location site and supporting new transportation connections.	Short-term 0-3 years	Encourage institutional growth of Harper College.
Conduct a space utilization and parking needs assessment for each major community institution in the community to determine their future needs	Short-term 0-3 years	Determine the future needs of the School District including an inventory of space, parking, facilities and accessibility needs. Create cohesive and legible connections from schools, libraries and recreational facilities to residential neighborhoods with complementary uses and sidewalks along arterial corridors.
Identify opportunities for an additional library satellite facility within the City	Identify potential location: short-term (0-3 years); begin procurement process: mid-term (3-6 years); construct library: long-term (6-10 years)	Consider creating satellite library facilities to better serve the diverse populations of the City.

## Comprehensive Plan Implementation Checklist (continued)

<b>Industrial Uses</b>		
<b>Action Items</b>	<b>Time Line</b>	<b>Related Policies (Applies to all Actions)</b>
Create an industrial overlay district surrounding the Chicago Executive Airport to create the regulatory framework for new, high quality businesses to locate in this area.	Short-term 0-3 years	Maintain industrial land uses around the Chicago Executive Airport and encourage industrial infill in underutilized or vacant sites.
Identify opportunities for synergy between new industrial development and the Chicago Executive Airport by working closely with Airport leadership.	Short-term 0-3 years	Provide tools that would allow elected and appointed officials to accurately and effectively evaluate individual industrial redevelopment projects.
Incentivize new industrial developments to use sustainable building and landscaping techniques (such as LEEDS)	Long-term 6-10 years	Encourage sustainable business practices for industrial operators Develop an industrial business park strategy for the area surrounding the Chicago Executive Airport, in cooperation with the adjacent municipality of Wheeling that includes branding, signage and landscape standards.
Conduct a property inventory of industrial parcels using the 'Site Viability Matrix' tool found in the appendix of this document to identify opportunity sites most ready for development or redevelopment.	Short-term 0-3 years	Focus marketing efforts and prioritize the redevelopment of the Arena Land property. Reposition, renovate or demolish obsolete buildings along the Palatine Road corridor to provide opportunities for development consistent with existing industrial land use.

<b>Transportation</b>		
<b>Action Items</b>	<b>Time Line</b>	<b>Related Policies (Applies to all Actions)</b>
Coordinate with IDOT to explore resolution to issues associated with modifying the frontage road ramping along Palatine Road to better serve the adjacent land uses, especially the Arena site for industrial development.	Short-term 0-3 years	
Create a master plan, phasing and funding program for sidewalks in the community including prioritization of connections between schools, commercial nodes and recreational areas.	Planning: Short-term (0-3 years); Implementation: Long-term (6-10 years)	Provide a continuous sidewalk network especially along arterial roads, to serve strategic areas of the City.
Explore pedestrian and bicycle improvements within the rights of way along Euclid Avenue and Camp McDonald Road to connect Rob Roy Golf Club and the Woodland Trails Park with the park system east of Milwaukee Avenue and the Des Plaines River.	Planning: Short-term (0-3 years); Implementation: Long-term (6-10 years)	Provide safe on-street and trail connections between the Prospect Heights Bike Trail, the Des Plaines River Trail and other regional trail systems.
Adopt a Complete Streets Policy for any roadway improvement project	Short-term 0-3 years	Implement Complete Streets design objectives to improve the safety, quality, character and mobility of vehicular circulation.
Create a streetscape program for major arterials and include crosswalks, signalization and access to public transportation stops	Mid-term 3-6 years	
Identify funding options to offset construction costs related to improvements in the public right of way	Mid-term 3-6 years	

<b>Image and Identity</b>		
<b>Action Items</b>	<b>Time Line</b>	<b>Related Policies (Applies to all Actions)</b>
Create a plan for gateway signage, monuments and wayfinding at entries to the City.	Short-term 0-3 years	Create a community/social gathering space in the City as a part of the symbolic Town Center concept.
Create a marketing plan in coordination with local tourism and business attraction organizations to advertise development opportunities within the City.	Short-term 0-3 years	Create guidelines for a distinct City identity. Highlight districts with a unique character including: the Town Center, Metra Station Area, and Industrial District.
Improve the perception of the City in the region by actively marketing its natural resource and neighborhood assets.	Short-term 0-3 years	Identify Prospect Heights' unique contribution to the region and actively market its assets.
Incentivize property improvements to retail and commercial properties through a façade improvement program, modernization program or maintenance program	Program develop: Short-term (0-3 years); Funding: Mid-term (3-6 years)	Incentivize property improvements for existing business owners to attract additional retail/commercial business.
Improve the community's sense of safety with the installation of additional lighting. Prioritize commercial corridors and areas near schools for additional lighting fixtures.	Short-term 0-3 years	Strengthen existing retail corridors and nodes with beautification, signage, overall maintenance and image improvements.
Create a sense of place by identifying key corridors in the City with branded signage.	Short-term 0-3 years	Create a signage and wayfinding plan including types and locations for signage and signage guidelines.
Leverage the proximity of hotels, restaurants and entertainment adjacent to the Airport by providing travelers with additional amenities such as shuttles, car-sharing or cooperative agreements with businesses and corporations in the area.	Short-term 0-3 years	Partner with Pace and Metra to provide a connected transportation system with community-wide service and strategically located bus shelters.

<b>Economic Development</b>		
<b>Action Items</b>	<b>Time Line</b>	<b>Related Policies (Applies to all Actions)</b>
Improve Prospect Heights geo-code and address problems for GPS systems and on-line maps so that customers can find local businesses accurately. Work with the U. S. Postal Service, U.S. Congressman and Senators to have the Prospect Heights ZIP code cover all areas of the City and accurately show Prospect Heights as an address.	Mid-term 3-6 years	Inventory City-wide development opportunities and create a database for interested investors and a strategic plan for real estate promotion.
Host tours for developers and real estate professionals to help market the City to business leaders	Short-term 0-3 years	Market vacant sites with local brokers to match the City goals with potential tenants.
Identify business types and specific businesses that can complement existing ones in the City - specifically retail and commercial uses - and create an attraction strategy for those identified.	Identification of businesses: Short-term (0-3 years); Attraction strategy: Mid-term (3-6 years)	Work with industrial, commercial, residential and retail brokers to market Prospect Heights to prospective companies and residents.
Select a broker to market the Arena site for industrial development.	Short-term 0-3 years	Attract development of an appropriate scale and type to the Arena Land site and Allstate property.
Reach out to existing business owners to identify their areas of concern. Follow-up with the owners as to how the City is addressing their issues.	Short-term 0-3 years	Encourage economic sustainability by discouraging retail spending leakage from the community.

### Comprehensive Plan Implementation Checklist (continued)

<b>Economic Development (Continued)</b>		
Develop a comprehensive marketing and branding strategy for the city including websites, brochures, contacts, and available parcel matrix to help better market development opportunities in Prospect Heights	Short-term 0-3 years	Market vacant sites with local brokers to match the City goals with potential tenants.
Research the benefits of different types of public incentives, their suitability for different areas within the city, and analyze the situations in which they might be useful.	Short-term 0-3 years	Support expansion of mixed-use development and redevelopment near the Chicago Executive Airport in order to attract employees, utilize vacant parcels and support local business growth. Opportunities for development include utilization of the Allstate and Arena Land property

### **Retail and Commercial Uses**

<b>Action Items</b>	<b>Time Line</b>	<b>Related Policies (Applies to all Actions)</b>
Review existing zoning related to commercial uses and create a new designation to allow for mixed-use (retail and residential or retail and office) in strategic areas of the City.	Short-term 0-3 years	Create a mixed-use land use designation and supportive regulatory environment for a more diverse development types.
Create special overlay districts (for example the Town Center or Metra Station Area) to provide the appropriate regulatory framework for new retail developments that meet the goals of the Comprehensive Plan recommendations.	Mid-term (3-6 years)	In the Rand Road commercial corridor, reconfigure outlots to attract and accommodate larger format businesses and mixed-use development.
Develop a 'Town Center Master Plan' for the district located at the intersection of Elmhurst and Camp McDonald Roads to provide a concept for future streetscape improvements, transit connections, branding/signage, building design and redevelopment of strategic parcels. As part of the process discussions with relevant development professionals should be conducted.	Mid-term (3-6 years)	Create a more formalized town center or downtown district in the center of the community near Camp MacDonald Road and Elmhurst Road.
Develop a signage and streetscaping program to give retail/commercial areas an identity and reinforce their importance in the community.	Short-term 0-3 years	Create consistency of character along the commercial corridors of Rand Road, Milwaukee Road and Elmhurst Road.
Assess existing shopping centers for opportunities to develop additional out lot or infill developments to improve the character of arterial streets.	Mid-term (3-6 years)	Analyze existing shopping centers for potential improvements, diversity of retail tenants, community services, pedestrian access, landscaping and provide guidance for fix-up/clean-up strategies.
Identify underutilized commercial parcels in the Palatine Road corridor that would benefit from acquisition and redevelopment.	Mid-term (3-6 years)	Analyze land use designations along major corridors and provide recommendations for future land uses that are conducive to desired development patterns.
Create a system for effectively evaluating new retail and mixed use development projects to support the goals of the Comprehensive Plan	Mid-term (3-6 years)	Provide tools that would allow elected and appointed officials to accurately and effectively evaluate individual redevelopment projects

## Natural Resources, Parks and Open Space

Action Items	Time Line	Related Policies (Applies to all Actions)
Identify opportunities for easements and setbacks on private property to allow for greater utilization of existing natural features where additional land would benefit the City the most.	Mid-term (3-6 years)	Identify additional opportunities for open space and parks within residential neighborhoods. Consider creating easements and setbacks for current natural features to allow for public access and greater utilization of these resources.
Create landscape guidelines for public areas that include a maintenance schedule, improvement location and planting zones for landscaping. Guidelines should be coordinated with existing and on-going studies.	Short-term 0-3 years	Create landscape guidelines for streetscapes and trail systems
Foster better communication between the City's public works department and Park District to implement open space and park improvements.	Mid-term (3-6 years)	Coordinate with the City's public works department and Park District to create a strategic plan for improvement of existing open space and park areas as well as to identify additional areas for new open space. Provide better access for pedestrians and cyclists to existing parks and open space.
Identify locations for additional park and open space and create a plan for acquisition, development, maintenance and programming.	Identification of additional land: Short-term (0-3 years); Acquisition and development process: Mid-term (3-6 years)	Always consider the acquisition of land that becomes available adjacent to waterways within the community. The potential for public benefits is great for any land adjacent to the waterways for flood control, water quality enhancement, recreational space, wildlife habitat, community connectivity routes and much more.
Encourage stricter Stormwater controls to include Best Management Practices (BMP's) for all new development. These BMP's could include concepts such as permeable pavement for parking lots/driveways, rain gardens, green roofs, bio swales, naturally vegetated retention basins, ground water infiltration systems, etc.	Short-term 0-3 years	Review the effectiveness of existing stormwater detention systems and investigate opportunities to create additional detention and compensatory storage within the community.
Adopt a program to protect the existing natural habitat surrounding Hillcrest Lake, McDonald Creek and the Izaak Walton Slough. Coordinate with the Park District and local organizations for project maintenance. Utilize the Natural Resource Commission to assist with identification of habitats. Identify funding resources through the DNR to off-set maintenance costs associated with protection of these areas.	Short-term 0-3 years	Create a long-term strategy to maintain the positive effects of flood impact and stormwater management projects. Continue identification of flood-prone areas and consider future additional remediation and flood control projects.
Accept and enforce the new MWRD Watershed Management Ordinance by incorporating management strategies into the City's operational practices.	Short-term 0-3 years	Create a process to assess potential impact of flood events along major arterials.
Consider expansion of municipal water service. Work with neighboring communities and Northwest Water Commission to provide access to municipal water service for commercial properties by securing membership and continuing conversations on a regular basis with neighboring communities.	Short-term 0-3 years	Recommend a strategy to address integration of a City water system to replace the private well system that includes an assessment of the cost and development impacts, implications to public safety and effect on residential and commercial development in the City.

## Revenue Trend and Projection

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

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

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

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

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

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

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

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

### Property Taxes

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

## **Police Pension**

The tax levy for the Police pensions are based upon an independent actuarial analysis of fund cost as well as an amount to provide funds necessary to amortize a portion of the unfunded actuarial liability. The City utilized the actuarial report for the Police Pension requirements. The FY2015-2016 amounts reflect a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. The mortality rates, disability rates, turnover rates and retirement rates have been changed to the new rates most recently published by the Illinois Department of Insurance (September 2012). There were no changes with respect to Plan Provisions or Actuarial Methods from the prior year. The estimated actuary valuation results for 5/1/15 utilizing an interest rate of 6.26% of return on investment was \$728,579. The City budgeted a 1.8% increase from the actuarial recommended contribution to calculate the FY2016-17 budget. Note: the City is a non-home rule community: therefore, tax levies for Pension funds are limited by law commonly called "tax caps," the Property Tax Extension Limitation Law (PTELL). The law does not cap either individual property tax bills or individual property tax assessments. The PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and voter-approved rate increases. The limitation slows the growth of property tax revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation. As a whole, property owners have some protection from tax bills that increase only because the market value of their property is rising rapidly. Payments for bonds issued without voter approval are subject to strict limitations. If a taxing district determines that it needs more money than is allowed under the PTELL, it can ask the voters to approve an increase."

## **Special Service Area Levy**

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

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

The City of Prospect Heights has seven special service areas:

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

SSA #1: Prospect Heights Sanitary District.

SSA #3: Country Gardens Sanitary District

SSA #2: Wolf Mandel Sanitary District.

SSA #4: Pincrest Sanitary District

**Special Service Areas (continued)**

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

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

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

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

**Debt Service Levy:**

The SSA #6 Debt fund includes the revenues and expenses related to the Special Service Area #6 bonds. The real estate tax budget is based on the tax levy requirements stipulated in the bond ordinance. The City's fiscal year includes collection cycles from two different tax levy years – 2<sup>nd</sup> installment of the 2015 tax levy and the 1<sup>st</sup> installment of the 2016 tax levy. Taxes received in the fall will be used to pay the principal and interest due on December 15<sup>th</sup> and taxes collected in March will be used to pay the June 15<sup>th</sup> interest payment. The entire debt retirement schedule is provided under the Financial Summaries section at the beginning of this report:

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

**Utility Use Taxes**

The City of Prospect Heights levies three utility taxes for electricity, natural gas, and telecommunications. The amount levied for electricity is based on a sliding scale that next approximately \$0.0045 per kilowatt hour. Revenue is budgeted to be \$369,000 for FY2016-2017. Since electricity use tax is based on unit pricing, there is no fluctuation due to commodity pricing. Absent any increase in households or commercial buildings within the City, this revenue source has little room for future growth. Weather conditions are the primary reason for changes in revenue, but the movement for more efficient building technologies and appliances will be a constant pressure downward on the collection of this revenue. The amount has been projected flat based upon trends by the IL Department of Revenue.

**Utility Use Taxes (continued)**

Utility taxes for natural gas are levied at a rate of 5% of gross receipts and budgeted at \$103,466 for FY2016-2017.

The natural gas tax is based upon gross receipts; therefore, price and demand both play a role in the amount of the tax. From FY2008 to FY2016, the utility taxes have trended downward due to closing of the HSBC Headquarters, an increase in residential and commercial property vacancy rates due to the economic recession, unusually warm weather and credits by large taxpayers for overpayments made in prior years. The City is projecting taxes to level off and remain flat.

**Telecommunications Tax**

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

**Hotel Taxes**

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

**Road & Bridge Taxes**

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

**Rental Car Taxes**

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

### Places for Eating Taxes

The Places for Eating tax was approved by the City Council in February 2009 on food and beverages prepared for immediate consumption. The tax is 1.5% and is payable directly to the City. The tax only applies to those businesses that prepare food and provide a place for customers to dine in. Below is information on this revenue stream. The decrease in the 2016-2017 Budget from the prior year is based upon the loss of two fast food chains and lower trending food sales.

<u>Fiscal Year</u>	<u># of Establishments</u>	<u>Total Revenue</u>	<u>% Inc/ (Dec)</u>
<b>2016-17 Budget</b>	34	\$ 287,482	(0.26%)
<b>2015-16 Budget</b>	36	\$ 288,227	(4.76%)
<b>2014-15 Actuals</b>	32	\$ 302,612	1.72%
<b>2013-14 Actuals</b>	31	\$ 301,808	11.9%
<b>2012-13 Actuals</b>	29	\$ 272,726	10.3%
<b>2011-12 Actuals</b>	29	\$ 247,236	6%
<b>2010-11 Actuals</b>	30	\$ 233,184	-1%
<b>2009-10 Actuals</b>	29	\$ 234,626	N/A

### Handle Tax – OTB

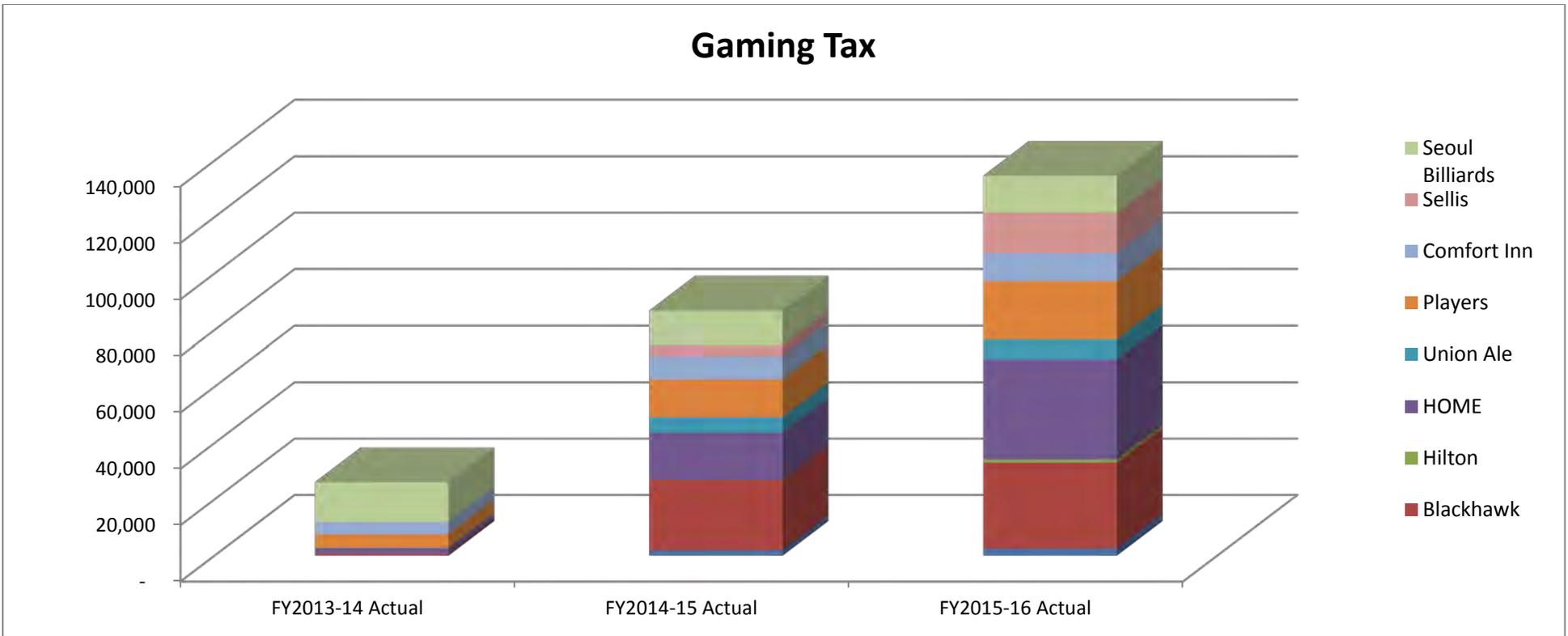
The pari-mutuel handle is the total daily gross receipts from all in-state pari-mutuel machines, or the total amount of money wagering in the City of Prospect Heights at an approved satellite location (off-track betting) on live horse racing. Currently the pari-mutuel tax is one percent of the total pari-mutuel handle at racing facilities. The amount is estimated at \$66,000 or \$5,500 per month. The City opened its first OTB establishment in May, 2012. At the end of FY2015-16 the OTB expanded its facilities. The FY2016-17 Budget projects a 10% increase in revenues related to the expansion.

### Video Gaming

On July 13, 2009 Governor Pat Quinn signed the Illinois Video Gaming Act making video gaming terminals legal in Illinois. The Act allows for video gaming terminals to be placed in certain liquor establishments, truck stops and fraternal/veterans clubs throughout the state. The Illinois Gaming Board (the IGB or Board) has the responsibility of implementing and regulating video gaming in Illinois. Initially, the Board established several administrative rules and guidelines for all businesses that apply for the required gaming license. The rules will provide guidance on matters such as, but not limited to, standards, testing requirements, application procedures and violation hearings.

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

Since the passage of the City's gaming ordinance, there are nine establishments that are licensed under the Act. From the beginning of operations by the first establishment approved in May 2013 to date, the City has received \$251,075 in gaming tax. We are projecting \$126,000 in income for FY2016-17. The gaming tax has provided the City with a revenue source not directly imposed on its residents and will help to balance our overall budget.



**Amusement Tax**

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

**Illinois Income Tax**

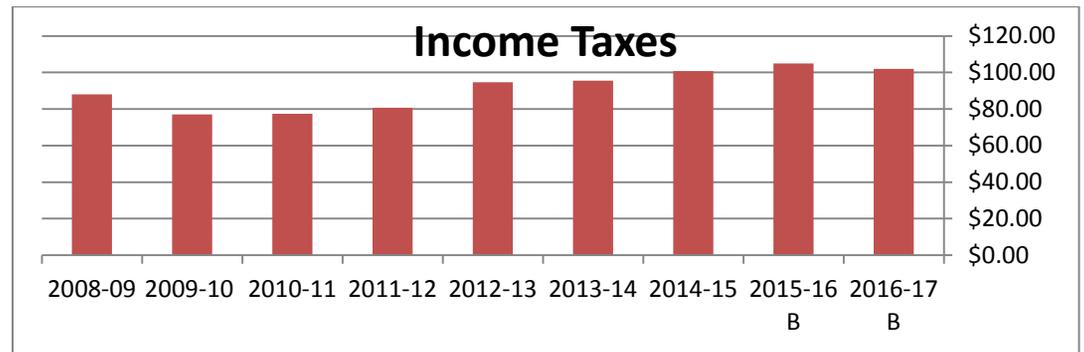
Illinois Income Tax is imposed on every individual, corporation, trust and estate earning or receiving income in the state. The tax is a flat five percent of income for individuals and seven percent for corporations. The City receives a pro rata allocation of Income Tax from the State of Illinois based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

**Illinois Income Tax (continued)**

Income taxes are allocated on a per capita basis to municipalities. The 2010 Census Population and Housing Occupancy Status information was related last year and reflects the City at a population rate of 16,256 which is an 825 decrease from the 2000 Census of 17,081. Based upon data provided by the Illinois Municipal League (IML), the tax is projected at \$102 per capita or \$1,658,112.

Unemployment in the state of Illinois is beginning to recover to pre-recessionary levels. The state unemployment rate is 6.2 percent (April 2016) compared to 6.0 percent one year ago. Sectors still adding jobs include professional and business services, education, healthcare and trade, transportation and utilities. Government has lost the most jobs since January, 2010. Historical Illinois Income Tax is reflected below:

Fiscal Year	Revenues	Per Capita	% inc/(dec)
<b>2016-17 Budget</b>	\$1,658,112	\$102.00	-2.86%
<b>2015-16 Budget</b>	\$1,706,880	\$105.00	4.22%
<b>2014-15</b>	\$1,637,723	\$100.75	5.49%
<b>2013-14</b>	\$1,552,422	\$95.50	0.93%
<b>2012-13</b>	\$1,538,101	\$94.62	17.35%
<b>2011-12</b>	\$1,377,307	\$80.63	4.19%
<b>2010-11</b>	\$1,321,848	\$77.39	0.34%
<b>2009-10</b>	\$1,317,403	\$77.13	-12.42%
<b>2008-09</b>	\$1,504,248	\$88.07	-6.50%



**Use Tax**

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

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

Fiscal Year	Revenues	Per Capita	% inc/(dec)
<b>2016-17 Budget</b>	\$ 382,016	\$23.50	5.86%
<b>2015-16 Budget</b>	\$ 360,883	\$22.20	7.64%
<b>2014-15</b>	\$ 335,284	\$20.63	18.22%
<b>2013-14</b>	\$ 283,614	\$17.45	8.72%
<b>2012-13</b>	\$ 260,876	\$16.05	-6.08%
<b>2011-12 (1)</b>	\$ 277,752	\$17.09	19.64%
<b>2010-11</b>	\$ 243,943	\$14.28	21.81%
<b>2009-10</b>	\$ 200,270	\$11.72	-18.57%
<b>2008-09</b>	\$ 245,935	\$14.40	4.50%

### **Personal Property Replacement Tax**

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

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

### **Motor Fuel Tax**

The Motor Fuel Tax is imposed on the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. It is paid by distributors and suppliers who collect the tax from their customers. The FY2016-17 budgeted MFT proceeds of \$421,030 based upon amounts estimated by the Illinois Municipal League. This revenue is distributed on a per capita basis. The amount is estimated at \$25.90 per capita.

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

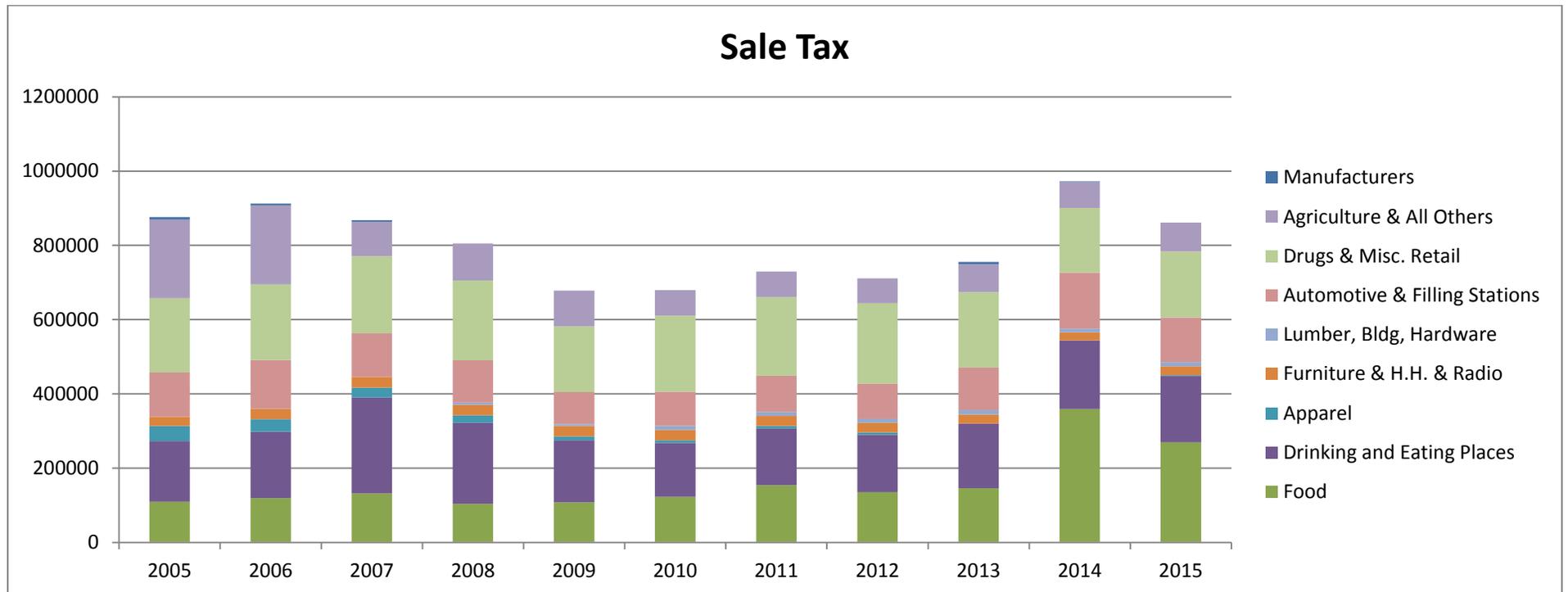
### **Sales Tax**

The City receives one cent (\$0.01) for each dollar of retail sales. The largest sales tax generators are Food, Drug and Miscellaneous retailers (Walgreens) whose sales are not heavily influenced by economic conditions. The impact of the recession continues to affect all retailers as revenues are down 5.8% from the pre-recessionary peak in 2006. Largely contributing to the precipitous decline was the loss of Omni, Dominick's Grocery Store, and then Ultra Foods. The following chart summarizes sales tax collections over the last ten years. The FY2016-2017 sales tax revenues are projected to decrease by 2.4% based upon the loss of Ultra Foods. Note: The agreement with Ultra Foods has been passed on to Tony's Finer Foods, a portion of Sales and Use Tax will be rebated back to the retailer.

The City's Sales tax rate are collected by the State of Illinois and divided among the taxing districts as follows: State Tax: 6.25%, Cook County Tax 1.75%, and City Municipal Tax 1% and Non-Home Rule Tax of .5% for a total Sales Tax Rate of 9.50%.

Sales Tax Collections

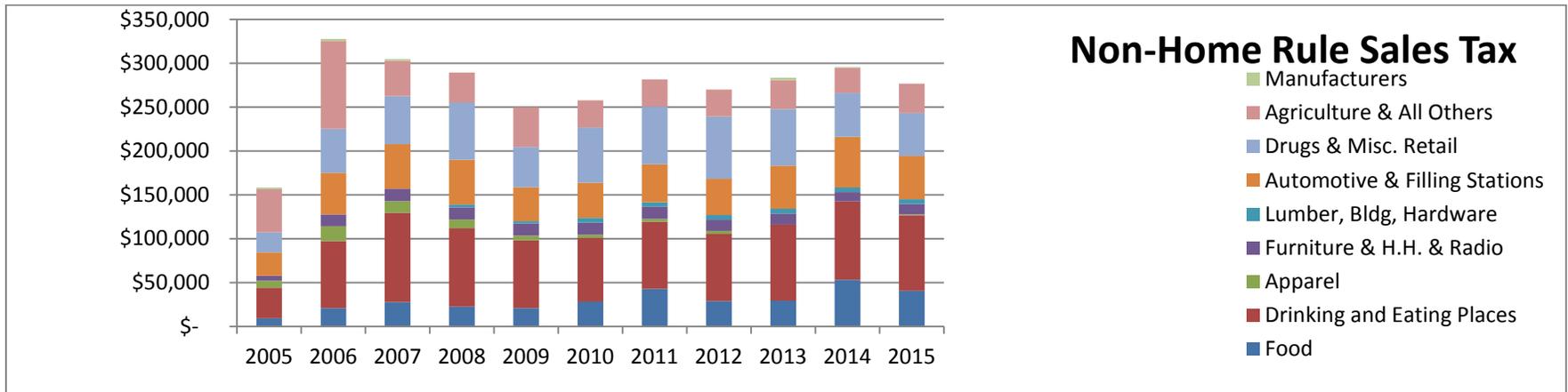
Sales Tax	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Food	\$107,807	\$117,040	\$130,081	\$101,964	\$106,410	\$121,171	\$152,351	\$133,768	\$144,027	\$357,378	\$267,897
Drinking & Eating Places	162,939	179,261	258,559	218,555	166,615	145,295	152,708	154,219	174,266	184,757	178,967
Apparel	41,061	33,454	26,387	20,217	10,995	6,661	6,380	6,416	-	-	2,045
Furniture & H.H. & Radio	24,486	28,419	28,865	28,000	27,652	28,087	28,024	26,104	24,330	21,462	23,547
Lumber, Bldg, Hardware	-	-	-	6,412	5,159	10,862	10,067	10,028	11,654	10,290	11,008
Automotive & Filling Stations	119,276	131,520	116,800	113,253	86,444	91,788	97,985	94,981	114,943	150,517	120,164
Drugs & Misc. Retail	200,533	203,064	208,103	215,253	176,769	205,095	210,793	216,589	202,437	174,312	177,608
Agriculture & All Others	210,906	213,007	92,379	99,889	96,217	68,688	69,361	67,327	75,251	69,513	78,459
Manufacturers	7,411	4,559	4,371	-	-	-	-	-	6,486	1,889	
<b>Total</b>	<b>\$876,422</b>	<b>\$912,331</b>	<b>\$867,553</b>	<b>\$805,551</b>	<b>\$678,268</b>	<b>\$679,657</b>	<b>\$729,679</b>	<b>\$711,444</b>	<b>\$753,394</b>	<b>\$970,118</b>	<b>\$859,695</b>



### Non-Home Rule Sales Tax

In July 2005, the City assessed a one-half cent (\$0.005) local option sales tax against all retail sales except food and drug items and personal property titled with the State of Illinois. Performance of this revenue tends to mirror performance of the above referenced municipal sales tax, except for those excluded retail classes. Based upon HB5362, the City will be including the non-home rule sales tax in the General Fund and eliminating the Non-Home Rule Sales Tax Fund #15. The House Bill amends the Illinois Municipal Code and provides that the corporate authorities of a non-home rule municipality may, until December 31, 2020, use the proceeds of a tax imposed under the Non-Home Rule Municipal Retailers' Occupation Tax Act, Non-Home Rule Municipal Service Occupation Tax Act, or the Non-Home Rule Municipal Use Tax Act for expenditure on municipal operations, in addition to or in lieu of any expenditure on public infrastructure or for property tax relief. (Approved 7/20/12)

<b>Non- Home Rule Sales Tax</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Food</b>	\$9,125	\$20,953	\$27,665	\$22,403	\$20,863	\$28,387	\$42,844	\$28,826	\$29,147	\$53,052	\$40,684
<b>Drinking &amp; Eating Places</b>	35,074	76,371	101,924	89,346	77,110	72,635	76,350	76,884	86,845	89,408	86,072
<b>Apparel</b>	7,867	16,706	13,194	10,109	5,498	3,330	3,190	3,208	-	-	1,022
<b>Furniture &amp; H.H. &amp; Radio</b>	5,584	13,763	14,115	13,983	13,826	14,044	14,012	13,052	12,165	10,731	11,773
<b>Lumber, Bldg, Hardware</b>	-	-	-	3,206	2,579	5,431	5,033	5,014	5,827	5,145	5,504
<b>Automotive &amp; Filling Stations</b>	26,772	47,230	50,866	50,744	38,608	39,868	43,315	41,433	49,244	57,740	49,484
<b>Drugs &amp; Misc. Retail</b>	22,872	50,171	54,604	65,446	45,973	62,916	65,716	70,726	64,526	50,102	48,537
<b>Agriculture &amp; All Others</b>	49,221	100,387	40,433	33,923	45,192	31,119	31,236	30,759	32,675	28,619	33,620
<b>Manufacturers</b>	1,763	1,992	1,975	-	-	-	-	-	3,157	859	
<b>Total</b>	<b>\$158,278</b>	<b>\$327,571</b>	<b>\$304,776</b>	<b>\$289,161</b>	<b>\$249,649</b>	<b>\$257,730</b>	<b>\$281,695</b>	<b>\$269,902</b>	<b>\$283,587</b>	<b>\$295,656</b>	<b>\$276,697</b>



### **Glenview Shared Revenue**

The Glenview Intergovernmental Agreement (IGA) is an agreement between the City of Prospect Heights and the City of Glenview. The agreement states that the City will receive 8.2% of all sales, property and hotel tax revenue generated by the Palatine/Sander Road development. The project is still under construction; most of the property is being held by the City and is exempt from taxation. The budget reflects slow growth in the area and the revenue is anticipated to begin increasing. There is potential development anticipated for the area including an apartment building offering 238 units and at the south end of the development, a 75,000-square-foot Mariano's is planned with a 30,000-square-foot retail/bank center. The City is budgeting a \$30,000 return in sales tax revenue and \$10,000 in property tax revenue related to the new development.

### **Grant Revenue**

The grant revenue reflects the following grants:

<u>Grant Name</u>	<u>Grant Amount</u>	<u>City Match</u>
Victims in Crime Act (VOCA)	\$ 64,067	\$ 16,017
IDOT Selective Traffic Enforcement Program (STEP)	\$ 8,000	None
Police Tobacco Enforcement Grant (TEP)	\$ 2,012	None
Bullet Proof Vest Partnership Grant	\$ 1,700	\$ 1,700

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

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

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

The Bulletproof Vest Partnership (BVP), created by the Bulletproof Vest Partnership Grant Act of 1998 is a unique U.S. Department of Justice initiative designed to provide a critical resource to state and local law enforcement. The City is required to provide 50% of the funding for this grant.

### Vehicle Stickers & Licenses

Vehicle stickers and animal licenses were budgeted based on the most recent data. The City has budgeted revenues to be the same as the prior year budget as no change in the revenues are anticipated. The Business and liquor licenses were budgeted to reflect current statistics as to the number and categories of licenses with no fee increase. Fees were last increased in FY2009-2010, which was the first increase since 2002. The license revenues are projected to remain flat for the FY2016-17 budget based upon current actual licenses and revenue. The budget for Contractor licenses is projected to be slightly lower due to the completion of the assisted living facility with fees remaining at current levels. These fees were increased from \$25 to \$100 in FY2009-2010. The City has a licensing agreement with Deli 4 You. They pay the City \$1,000 per month for the use of the municipal parking lot.

### Franchise Fees

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

<u>Cable Company</u>	<u>Revenue Basis</u>	<u>Amount</u>
Comcast	5% of quarterly gross revenue	\$107,000
WOW	5% franchise fee plus 1% peg fee of quarterly gross revenue	\$ 42,500
AT&T U-Verse	5% franchise fee plus 1% peg fee of quarterly gross revenue	\$ 35,500
 <u>Solid Waste</u>		
ARC Disposal Company, Inc.	Fixed rate per contract	\$50,000
ARC Disposal Company, Inc.	Commercial fees at \$6 per yard	\$32,000
 <u>Natural Gas Franchise Fee</u>		
NiCor	Paid annually in February. Calculated by taking 44,000 therm Allocation times rolling 3 year average Gas Supply Charge (GSC). Note: Therm allocation is based upon population.	\$24,500

### Building Revenue & Fees

A significant percentage of this revenue should be considered as non-recurring and is reliant upon the economic conditions. Total building revenue and fees are estimated to be \$406,950 which is an increase compared to the prior year forecast. A slow but anticipated economic turn-around is projected which flat building permits, Chase Bank, and church expansion. The Building and Development department will be implementing a new fee schedule which should increase the revenue stream; including permit fees, public hearing fees, certificate of occupancy fees, and building re-inspection fees.

**Public Safety Fines and Fees**

Public Safety Fines and Fees are anticipated to decrease \$50,000. The decrease is due the anticipated increase in funds from the Debt Recovery program in FY2015-16. The program success and returns are expected to diminish as fewer outstanding collections are anticipated. The City will continue with its Vehicle Seizure fee which relates to charging \$500 for cars that are impounded due to violations. The budget is based upon the impounding of 13 vehicles per month at \$500 each.

**Police Special Revenue**

Police Special Revenue includes revenue from: Task Force - \$16,000 for reimbursement for overtime generated by officers assigned to DEA, Special Details - \$20,000 for payments related to officers' time on special billable details, and Charitable Games Tax - \$2,500 related to a tax which is imposed on the net proceeds of charitable games. Annual license fees are imposed on suppliers and providers of such games. Operators must pay a license fee every two years.

**Interfund Service Charges**

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

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

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

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

<u>Department</u>	<u>Direct Costs - Allocation Basis</u>	<u>FY2016-2017 Budget Indirect Cost Rates</u>
Public Works/Engineering	Actual Hours per Employee times Actual Hourly Rate	195.99%
Administration	50% based upon # of journal entries and 50% on # of funds	214.13%
Police	Actual Hours per Employee times Actual Hourly Rate	173.88%
Building & Development	% of time spent on a project by employee times Actual Hourly Rate	194.34%

### **Reimbursable Income**

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

### **Investment Revenue**

The City's investments are guided by two investment policies related to the Police Pension Fund and All Other City Funds. Total revenue is expected to be \$11,812 for non-Pension funds. The interest income amount includes \$2,250 from a Line of Credit the City is providing to SSA#8. The City funds are invested in money market accounts with expected yields of 0.10% to 0.35%. Due to the City's current increased cash position, alternative investments are being investigated to increase the yield. The Police Pension funds have interest rate targets of 6.2% for their actuarial assumptions and the City chose to be more conservative and not budget a return. The Pension fund is the only City fund that purchases equity investments.

### **Police Pension Revenues**

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

Revenues estimates for the Police Pension Funds are calculated by an independent actuary. The City estimated revenues are conservative versus the actuarial estimate of 6.2%. The actual FY2015-2016 investment return as of March 31, 2016 was a loss of (\$137,096). The property tax levy for FY2016-17 was increased by .7% (rate of inflation) as limited by the Property Tax Extension Limitation Law (PTELL).

### **Sponsorship & Contributions**

The Sponsorship & Contributions income line item includes Mayor's breakfast plate charges and table sponsorship of \$7,000 in revenue.

### **Sale of City Property**

The City is anticipating selling one squad car for \$2,500 each and 1 public works vehicle a 1 ton dump truck for \$3,000.

**Miscellaneous Income**

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

**Other Revenue Sources**

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

**DEA Seizure Fund**

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

Since the City assigned an officer to the DEA task force in FY2008, the City has been involved in seizures totaling \$28.5 million. Of the cases that have been completed and closed, the City has received \$2,801,574 in shared revenues or approximately 9.8% of the seizure total. The City has approximately \$5.2 million in seizure cases still pending. At an average 12.0% shared distribution, the City could receive \$623,010 in shared revenues from these pending cases. Below is a schedule of seizures still open with the sharing percentage being the amount requested.

Seizure Dates	Seizure Amount	Sharing %	Sharing Amount
FY2013-14	\$786,941	20%	\$157,388
FY2014-15	783,270	10%	105,132
FY2015-16	3,641,750	8% - 10%	360,489
<b>Total</b>	<b>\$5,211,961</b>		<b>\$623,010</b>

**Solid Waste Franchise Fees**

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

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

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

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

<b>Fiscal Year</b>	<b>Actual Tons Dumped</b>	<b>Committed Tons Billed</b>	<b>True-Up Tonnage</b>	<b>SWANCC Cost per Ton</b>
<b>2006-2007</b>	7,396	4,952	2,444	\$ 57.12
<b>2007-2008</b>	7,560	5,240	2,320	\$ 58.30
<b>2008-2009</b>	7,466	6,538	928	\$ 57.53
<b>2009-2010</b>	7,331	7,162	169	\$ 54.81
<b>2010-2011</b>	6,154	7,474	(1,320)	\$ 54.81
<b>2011-2012</b>	7,027	7,594	(567)	\$ 57.53
<b>2012-2013</b>	7,609	7,136	473	\$ 57.53
<b>2013-2014</b>	6,810	6,990	(180)	\$ 58.09
<b>2014-2015</b>	6,987	6,940	37	\$ 58.99
<b>2015-2016</b>	6,286	7,148	(862)	\$ 49.17
<b>2016-2017 Budget</b>		7,137		\$ 46.15

## Water Fees

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

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

<u>Rate Type</u>	<u>May 2013 to April 2014</u>	<u>May 2014 to April 2015</u>	<u>May 2015 to April 2016</u>	<u>May 2016 to April 2017</u>
Delivery Charge (Monthly)	\$20.30	\$21.75	\$23.25	\$24.88
Infrastructure Maintenance Charge (Monthly)	\$ 9.45	\$ 9.90	\$10.41	\$10.93
Debt Service Charge (Monthly)	\$ 5.97	\$ 6.08	\$ 5.93	\$ 6.19
Water Sales (per 1,000 gallons)	\$ 6.49	\$ 6.13	\$ 6.13	\$ 6.30

The water sales budget reflects projected consumption of 41.5 million gallons at the above listed rate. The delivery charges, infrastructure maintenance budget, and debt service budget reflects a customer base of 1,090 at the above stated rates.

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

## **Sanitary Sewer**

The Sanitary Sewer Fund was established due to Public Act 099-0014, enacted on July 10, 2015, which dissolved the Old Town Sanitary District. The act further required that each of the municipalities within the territory of the former Old Town Sanitary District would be responsible for providing services previously provided by the Old Town Sanitary District. The City is projecting a \$402,245 loss to the fund. A rate study is being prepared in FY2016-17 to help determine the rates to cover all operating and infrastructure requirements for this new fund. The new rates are anticipated to be implemented in this fiscal year, however, since the City is unsure of the future rates, the budget reflects no increase and thus the projected loss.

## **Parking Fees**

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

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

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

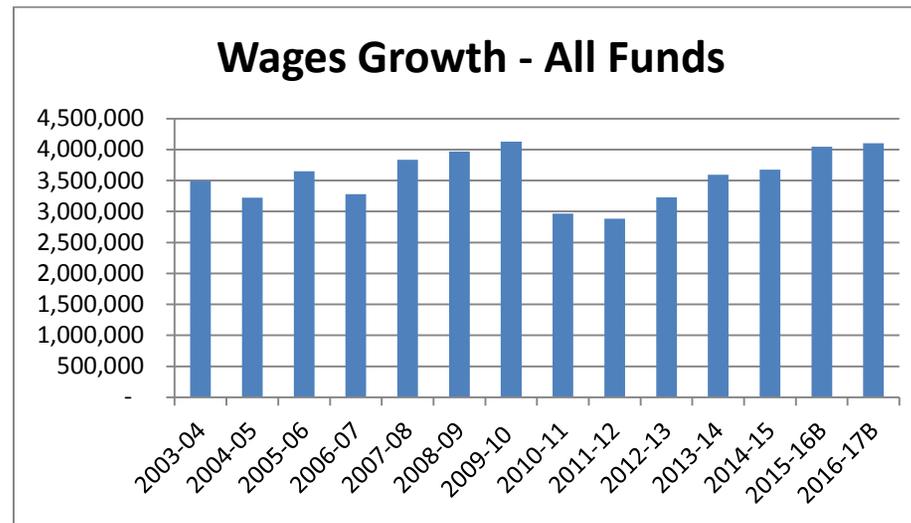
# Expenditure Trends and Projections

## Personnel Services

The primary purpose of the City of Prospect Heights is to provide high quality services to the residents and those employed within its boundaries. To accomplish that purpose, in FY2016-2017, 26 percent of all City expenditures are allocated to salaries and wages.

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

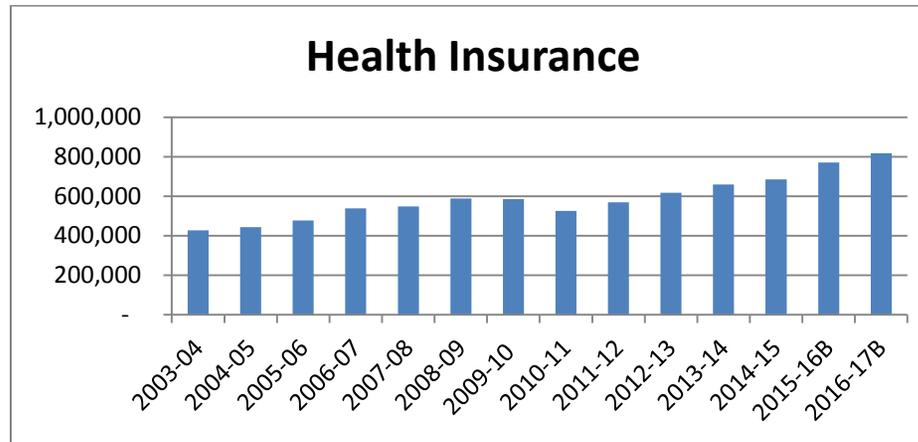
The City has three unionized labor groups subject to collective bargaining agreements: Metropolitan Alliance of Police Chapter 252 representing the police officers, Metropolitan Alliance of Police Chapter 253 representing police sergeants, and the International Union of Operating Engineers Local 150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



The decrease in wages from FY 2009-10 to FY2010-2011 was due to the reduction of six officers and two public works employees and the institution of across-the-board furloughs for city employees in July 2009. Effective January 1, 2012, furloughs were completely ended for all employees. In FY2014-15 the City hired three part-time public service employees to help manage prisoner care. The City hired a new City Administrator, Building and Development Director, and Assistant to the City Administrator in FY2016-17.

## Personnel Benefits

The City has been proactive in trying to contain medical costs. The City's PPO and HMO plans for CY2016 experienced increases of between 3-4%. Non-union city employees, Metropolitan Alliance of Police Chapters 252 and 253 all contribute 10 percent of the medical and dental premium. The increases detailed from FY2010-11 to present are reflective of the City increasing the number of full time employees and slight increases in healthcare costs.



## Capital Projects

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

The City has included a total of \$1,102,000 in the FY2016-2017 budget for improvements to be completed this fiscal year. The programs expenses are for improvements continuing road repairs and maintenance, repairing and installing of additional sidewalks.. The City has completed its Road Program. The Prospect Heights voters approved a property tax increase to fund bonds for road repairs in an amount not to exceed \$15,000,000 in a referendum on November 2, 2010. Phase I was completed in FY2011-2012, Phase II in FY2012-2013, and Phase III was completed in FY2013-2014.

## Other Operating Expenditures

In general, when prices cannot be accurately determined or specific quantities identified, an incremental analysis is performed comparing the estimated actual expense for FY2015-16 along with expenditure trend information. A reasonable estimation of expenditure is developed for FY2016-2017 and included within the line item budget.

### **Debt Service Expenditures**

The City currently has seven bond issues outstanding and two note payable outstanding as of May 1, 2016. The City has five General Obligation Bonds (Series 2008, 2010, 2011A, 2012, 2013), one Special Service Area #6 Obligation (Series 2009), and one TIF obligations Bond (Series 2004). The Notes Payable are due to the City of Prospect Heights General Fund from debt incurred by SSA#8 for the payment of its expenses by other funds and from the Development Fund for funds used to payoff a Tax Refundable Debt Certificate. Bond descriptions and amortization schedules are listed within the Debt Profile of this section.

### **Capital Equipment**

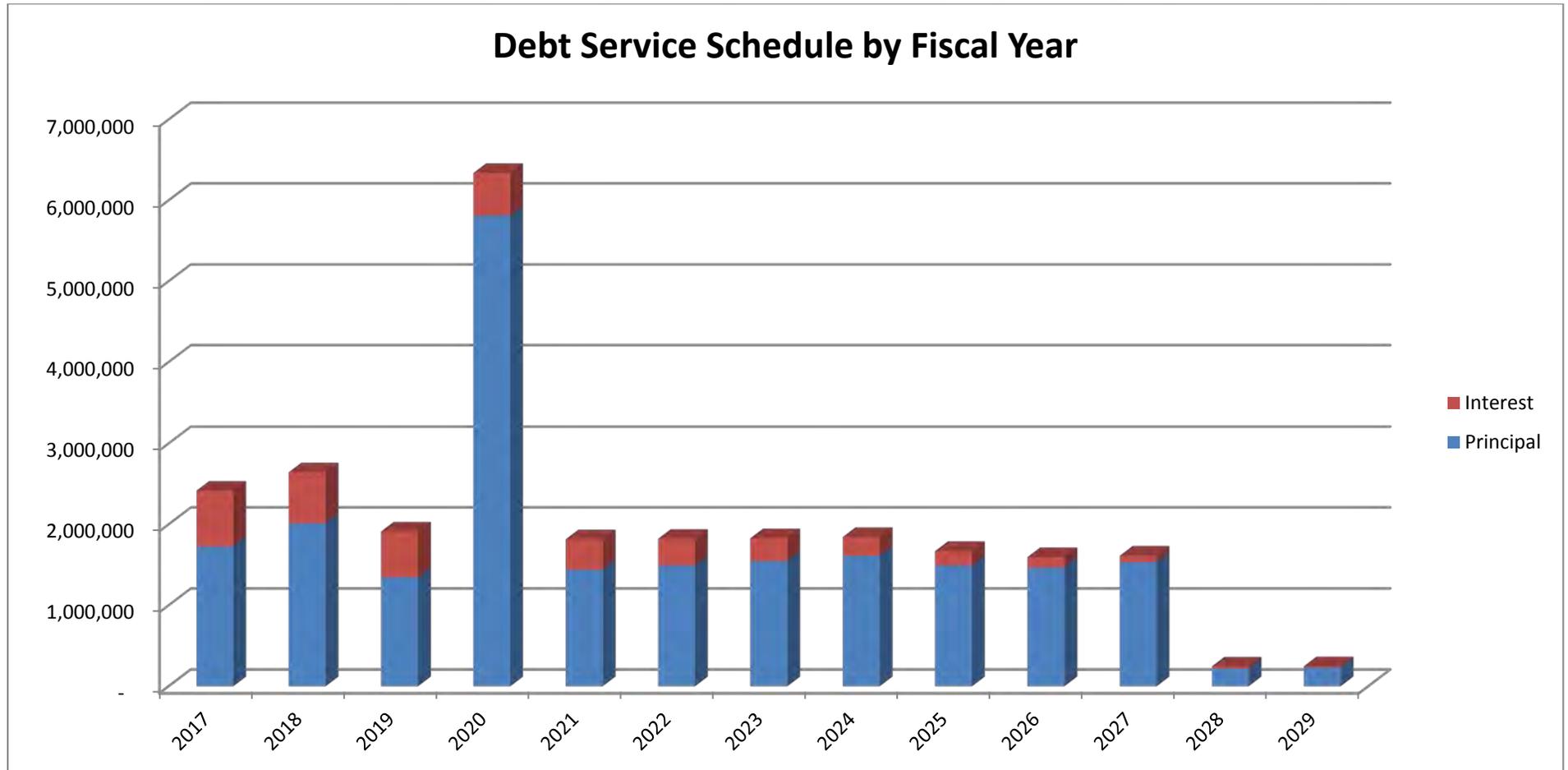
The City maintains a capital reserve account for vehicles. The reserve provides a funding mechanism for eventual replacement of assets. Vehicles are scheduled for replacement based on their anticipated life at purchase. Ultimate replacement decisions are based upon age, mileage and physical conditions. The City aggressively recovers the salvage value of the retired asset through auctions. Also, the City has budgeted for the purchase of a salt dome, dump truck and two squad cars.

### **Enterprise Fund Expenses**

The Water, Sanitary Sewer and Parking Funds are considered enterprise funds. Rate structures and user fees should be set at levels that are sufficient to pay related expenses. Property tax subsidies are not used to balance enterprise fund operations. In FY2016-2017, there are no anticipated advances to the Water Fund; however, there is a \$48,682 advance to the Parking Fund and \$402,245 advance to the Sewer Fund from the General Fund. As noted, the Water and Sewer Fund rates are being evaluated to determine whether increases are needed to provide for sufficient operating revenues and capital reserves.

# Debt Position

From time-to-time, the City may use the issuance of long-term debt to further the City’s Capital Improvement Program. Long-term debt is used only for capital projects that cannot be financed from current revenue sources. The City accounts for repayment of long term debt in several accounts: The General Fund for the G.O. Debt Certificates, Series 2008, SSA #6 Debt Fund for the Bonds, Series 2009, SSA#8 for Term Note Payable, Development Fund for Term Note Payable, Water Fund for the G.O. Debt Certificates, Series 2010, and Road Construction Debt Fund for the G.O. Debt Certificates, Series 2011A, 2012, and 2013. Total debt outstanding as of April 30, 2017 will be \$21,905,000 in principal and \$4,050,660 in interest for a total of \$25,955,660. The City is subject to the Illinois Municipal Code, which limits the amount certain indebtedness to 8.625% of the most recent equalized assessed valuation of the City. As of 4/30/16, the statutory debt limit for the City was \$29,488,247, providing a debt margin to the City. Below is a chart depicting the future principal and interest payment of all debt.



**Debt Service Schedules**

Fiscal Year Ending	Palatine/Milwaukee TIF Load, Series 2004 Issue Date: April 13, 2004 Date of Maturity: December 1, 2019 Amount of Contract: \$5,225,000 Interest Rate: 4.40% to 4.90% Interest Payable: 06/01 and 12/01 Principal Payable: Annually on 12/01 Payable to: U.S. Bank, N.A. Funding Source: TIF Increment			G.O. Debt Certificates, Series 2008 Issue Date: March 25, 2007 Date of Maturity: December 15, 2023 Amount of Contract: \$2,045,000 Interest Rate: 4.327% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: Bank of America, N.A. Funding Source: General Fund			Special Service Area #6 Bonds, Series 2009 Issue Date: January 29, 2009 Date of Maturity: December 15, 2028 Amount of Contract: \$2,800,000 Interest Rate: 4.00% to 6.25% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank, N.A. Funding Source: SSA #6 Taxes		
	Principal	Interest	Total P&I	Principal	Interest	Total P&I	Principal	Interest	Total P&I
April 30th 2017	\$445,000	\$46,305	\$491,305	\$135,000	\$53,871	\$188,871	\$115,000	\$124,253	\$239,253
2018	500,000	24,500	524,500	140,000	48,030	188,030	120,000	118,503	238,503
2019	-	-	-	145,000	41,972	186,972	125,000	112,143	237,143
2020	-	-	-	150,000	35,698	185,698	135,000	105,518	240,518
2021	-	-	-	160,000	29,207	189,207	140,000	98,363	238,363
2022	-	-	-	165,000	22,284	187,284	150,000	90,383	240,383
2023	-	-	-	170,000	15,145	185,145	160,000	81,833	241,833
2024	-	-	-	180,000	7,789	187,789	170,000	72,713	242,713
2025	-	-	-	-	-	-	180,000	62,513	242,513
2026	-	-	-	-	-	-	190,000	51,713	241,713
2027	-	-	-	-	-	-	200,000	40,313	240,313
2028	-	-	-	-	-	-	215,000	27,813	242,813
2029	-	-	-	-	-	-	230,000	14,375	244,375
<b>TOTAL</b>	<b>\$1,365,000</b>	<b>\$137,690</b>	<b>\$ 1,987,175</b>	<b>\$1,245,000</b>	<b>\$253,995</b>	<b>\$1,498,995</b>	<b>\$2,130,000</b>	<b>\$1,000,430</b>	<b>\$3,130,430</b>

**Debt Service Schedules (continued)**

Fiscal Year Ending	Note Payable - SSA #8 Issue Date: May 1, 2013 Date of Maturity: April 30, 2018 Amount of Contract: \$400,000 Interest Rate: 2.5% Interest Payable: 10/13 and 4/30 Principal Payable: Annually on 12/15 Payable to: City of Prospect Heights Funding Source: SSA #8 Taxes			G.O. Debt Certificates, Series 2010 Issue Date: July 1, 2010 Date of Maturity: December 15, 2024 Amount of Contract: \$800,000 Interest Rate: 4% to 5.2% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank N.A. Funding Source: Water Fund			G.O. Debt Certificates, Series 2011A Issue Date: June 29, 2011 Date of Maturity: December 15, 2026 Amount of Contract: \$5,000,000 Interest Rate: 2.5% TO 4.0% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank N.A. Funding Source: Road Construction Taxes		
	Principal	Interest	Total P&I	Principal	Interest	Total P&I	Principal	Interest	Total P&I
2017		\$5,000	\$5,000	\$55,000	\$ 25,510	\$80,510	\$295,000	\$145,450	\$ 440,450
2018	\$ 200,000	5,000	\$205,000	55,000	23,310	78,310	305,000	138,075	443,075
2019				55,000	21,110	76,110	315,000	128,925	443,925
2020				60,000	18,910	78,910	325,000	119,475	444,475
2021				60,000	16,390	76,390	340,000	108,100	448,100
2022				65,000	13,750	78,750	355,000	96,200	451,200
2023				70,000	10,760	80,760	370,000	82,000	452,000
2024				70,000	7,400	77,400	390,000	67,200	457,200
2025				75,000	3,900	78,900	410,000	51,600	461,600
2026							430,000	35,200	465,200
2027							450,000	18,000	468,000
2028									
2029									
<b>TOTAL</b>	<b>\$200,000</b>	<b>\$10,000</b>	<b>\$210,000</b>	<b>\$ 565,000</b>	<b>\$ 141,040</b>	<b>\$706,040</b>	<b>\$ 3,985,000</b>	<b>\$ 990,225</b>	<b>\$4,975,225</b>

**Debt Service Schedules (continued)**

Fiscal Year Ending	Note Payable - Development Fund Issue Date: January 25, 2016 Date of Maturity: April 30, 2020 Amount of Contract: \$4,415,000 Interest Rate: 2.5% Interest Payable: 1/25 Principal Payable: 4/30/2020 Payable to: City of Prospect Heights Funding Source: TIF Revenue/Sale of Land			G.O. Debt Certificates, Series 2012 Issue Date: February 28, 2012 Date of Maturity: December 15, 2026 Amount of Contract: \$5,000,000 Interest Rate: 2.0% to 2.5% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank N.A. Funding Source: Road Construction Taxes			G.O. Debt Certificates, Series 2013 Issue Date: April 30, 2013 Date of Maturity: December 15, 2026 Amount of Contract: \$5,000,000 Interest Rate: 2.0% to 2.5% Interest Payable: 06/15 and 12/15 Principal Payable: Annually on 12/15 Payable to: U.S. Bank N.A. Funding Source: Road Construction Taxes		
	Principal	Interest	Total P&I	Principal	Interest	Total P&I	Principal	Interest	Total P&I
April 30th 2017		\$110,375	\$ 110,375	\$320,000	\$87,528	\$407,528	\$360,000	\$89,733	\$ 449,733
2018		110,375	110,375	325,000	81,128	406,128	365,000	82,533	447,533
2019		110,375	110,375	335,000	74,628	409,628	370,000	75,233	445,233
2020	4,415,000	110,375	4,525,375	345,000	67,928	412,928	380,000	67,833	447,833
2021	-	-	-	355,000	61,028	416,028	385,000	60,233	445,233
2022	-	-	-	365,000	53,928	418,928	390,000	52,533	442,533
2023	-	-	-	375,000	46,628	421,628	400,000	44,733	444,733
2024	-	-	-	390,000	39,128	429,128	410,000	36,733	446,733
2025	-	-	-	405,000	30,353	435,353	420,000	28,533	448,533
2026	-	-	-	415,000	20,835	435,835	430,000	20,133	450,133
2027	-	-	-	435,000	10,875	445,875	445,000	10,458	455,458
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$4,415,000</b>	<b>\$ 441,500</b>	<b>\$4,856,500</b>	<b>\$ 4,065,000</b>	<b>\$ 573,983</b>	<b>\$4,638,983</b>	<b>\$4,355,000</b>	<b>\$ 568,683</b>	<b>\$4,923,683</b>

**Debt Service Schedules (continued)**

<b>CITY OF PROSPECT HEIGHTS</b>			
<b>ALL ISSUES – COMBINED TOTAL DEBT</b>			
<b>Fiscal Year Ending</b>			
<b>April 30th</b>	<b>Principal</b>	<b>Interest</b>	<b>Total P&amp;I</b>
<b>2017</b>	\$ 1,725,000	\$ 688,024	\$ 2,413,024
<b>2018</b>	2,010,000	631,452	2,641,452
<b>2019</b>	1,345,000	564,384	1,909,384
<b>2020</b>	5,810,000	525,735	6,335,735
<b>2021</b>	1,440,000	373,320	1,813,320
<b>2022</b>	1,490,000	329,077	1,819,077
<b>2023</b>	1,545,000	281,097	1,826,097
<b>2024</b>	1,610,000	230,961	1,840,961
<b>2025</b>	1,490,000	176,898	1,666,898
<b>2026</b>	1,465,000	127,880	1,592,880
<b>2027</b>	1,530,000	79,645	1,609,645
<b>2028</b>	215,000	27,813	242,813
<b>2029</b>	230,000	14,375	244,375
<b>TOTAL</b>	<b>\$ 21,905,000</b>	<b>\$ 4,050,660</b>	<b>\$ 25,955,660</b>

## Fund Balance Projections by Fund

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

The City of Prospect Heights uses cash and investments as a proxy for fund equity in the enterprise funds. The following table depicts the proposed revenues and expenditures by fund for the FY 2016-17 Budget, with surplus (deficit) shown for each fund.

Fund	Estimated Balance 4/30/16	FY2016-2017 Revenue	FY2016-2017 Expenditures	Excess of Revenue over Expenditures	Fund Balance 4/30/17	Reserve Assigned Restricted Funds	Available Funds
<b>General Fund</b>	\$ 13,301,385	\$ 8,848,465	\$ (9,004,541)	\$ (156,076)	\$13,145,309	\$11,784,391	\$1,360,917
<b>Special Revenue Funds</b>							
Motor Fuel Tax	443,827	421,230	(644,000)	(222,770)	221,858	221,858	-
Palatine/Milwaukee TIF Fund	(149,532)	392,994	(556,871)	(163,877)	(313,410)	(313,410)	-
Tourism District Fund	17,834	815,973	(815,799)	174	18,008	18,008	-
Development Fund	(4,415,000)	-	-	-	(4,415,000)	(4,415,000)	-
DEA Seizure Fund	75,087	-	(32,968)	(32,968)	42,120	42,120	-
Solid Waste Fund	515,440	460,200	(497,804)	(37,604)	477,836	96,956	380,880
SSA #1	(103,953)	28,500	(27,791)	709	(103,345)	(103,345)	-
SSA #2	26,993	45,500	(29,412)	16,088	42,981	42,981	-
SSA #3	356,058	24,200	(46,010)	(21,810)	334,248	334,248	-
SSA #4	17,011	42,800	(29,078)	13,722	30,733	30,733	-
SSA #5	240,645	65,735	(62,181)	3,554	244,199	244,199	-
SSA #6 Construction	-	-	-	-	-	-	-
SSA #8	(201,297)	212,255	(204,255)	8,000	(193,197)	(193,197)	-
<b>Debt Service Fund</b>							
Road Construction	773,810	1,297,710	(1,303,411)	(5,701)	768,109	768,109	-
SSA #6	187,154	238,553	(241,703)	(3,150)	184,004	184,004	-
<b>Enterprise Funds</b>							
Water Fund	1,030,989	815,945	(928,106)	(112,161)	919,828	919,828	-
Sanitary Sewer Fund	115,936	255,275	(657,520)	(402,245)	(286,309)	(286,309)	-
Parking Fund	(486,166)	64,000	(112,682)	(48,682)	(534,848)	(534,848)	-
<b>Fiduciary Funds</b>							
Police Pension Fund	13,150,346	945,530	(438,565)	506,965	13,657,311	13,657,311	-
<b>Total Funds</b>	\$ 24,896,567	\$14,974,865	\$ (15,632,698)	(\$657,833)	\$24,238,734	\$22,496,938	\$1,741,797

# Section 5

---

## General Fund Summary and Detail

General Fund

City Council and Boards

Administration

Engineering

Building Department

Public Works

Public Safety

Reimbursable Expense

Grants

Debt Service

Notes Receivable

Capital Outlay



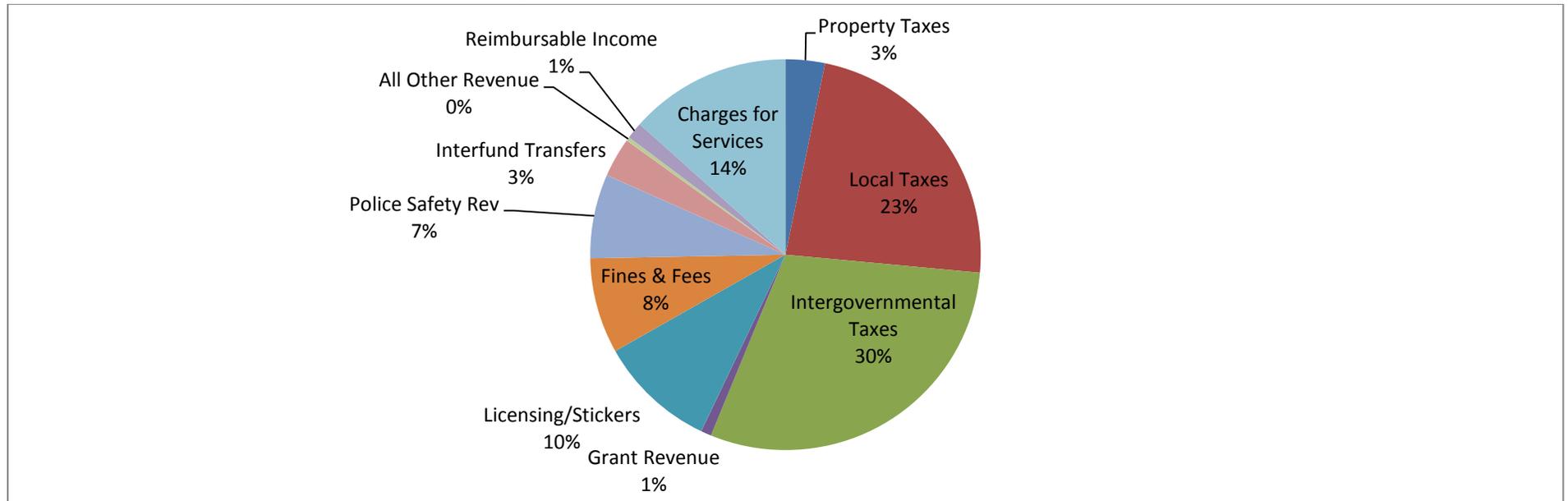
# General Fund Summary and Detail

## General Fund

The City of Prospect Heights is a non-home rule municipality without a citywide general property tax. The General Fund Revenue Budget for FY2016-2017 is \$8,848,465 representing a decrease from the prior year. The City derives the majority (30%) of its revenue in the General fund from Intergovernmental Taxes (30%), Local Taxes (23%), and Charges for Services (14%). Intergovernmental taxes include Sales tax, Use tax, Income tax, and Personal Property Replacement tax, and Glenview Shared Revenue. Local Taxes include the, utility taxes (telephone, electricity, and natural gas), auto rental tax, Road & Bridge tax, hotel tax, and Places for Eating Tax. Real Estate Taxes includes the Police Pension property tax. Aside from taxes, the City obtains funding for its general operations by charging for services provided to the public, for licenses and permits, for special police details, and by charging other funds in the City for internal services provided by administration, finance, building and public works staff. In addition, the City receives, to a lesser degree, funding from police fines and forfeits.

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

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



## General Fund Revenues

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-105-3000	REAL ESTATE TAXES	\$282,807	\$285,069	\$287,064	Adjusted for the CPI as of December 2015 is .7%
01-105-3005	USE TAX	335,284	360,883	382,016	IML projection is at \$23.50 per capita
01-105-3006	NON-HOME RULE SALES TAX	287,515	269,114	269,114	Trending 5% lower than prior yr - no new rev anticipated
01-105-3010	UTILITY - ELECTRIC	377,644	369,000	369,000	Budgeted at \$.07572 kilowatt and remaining flat
01-105-3011	UTILITY - NATURAL GAS	206,933	103,466	103,466	Warmer weather in FY2015-16 reflects lower revenues - conservative budget amount will reflect prior year budget
01-105-3012	UTILITY- TELEPHONE	474,528	410,023	397,722	Telecom receipts are continuing to decline as consumers continue to switch from landline telecommunications services to cellular phones and data plans, the latter of which are preempted from state taxation by federal law. Decline expected to plateau, but not before further decline in revenues. Decline projected at 3%.
01-105-3030	ROAD & BRIDGE TAXES	30,654	30,899	31,115	Adjusted for the CPI as of December 2014 is .7%
01-105-3040	RENTAL CAR TAXES	19,347	19,347	19,347	Flat projections based upon a 12% renting tax rate
01-105-3050	PLACES FOR EATING TAX	302,612	288,227	287,482	Projecting lower than prior year since closure of Hardees & Subway currently trending 5% lower than prior year
01-105-3060	HANDLE TAX - OTB	65,437	60,000	66,000	OTB Revenue growth due to expansion of OTB
01-105-3065	VIDEO GAMING TAX	84,838	126,000	126,000	Averaging \$10,500/mth
01-105-3070	AMUSEMENT TAX	5,829	4,800	4,800	3% of admission fees, participation fees, viewing fees, or other to gain admittance or access to viewing of amusement - Currently trending @\$400/month
	<b>Total Local Taxes</b>	<b>\$2,473,428</b>	<b>\$2,326,828</b>	<b>\$2,343,127</b>	
01-110-3100	INCOME TAXES	\$ 1,637,723	\$1,706,880	\$1,658,112	IML projection is at \$102 per capita
01-110-3101	PERSONAL PROPERTY REPLACE TAX	1,802	1,892	1,852	IML projection 2.09% decline
01-110-3110	SALES TAXES	924,209	852,121	831,788	Trending 10% lower than FY2015 with no new business anticipated
01-110-3111	GLENVIEW SHARED REVENUE	4,093	3,570	40,000	\$30,000 in sales tax revenue and \$10,000 in property tax revenue from the intergovernmental agreement between Glenview and the City
01-110-3113	AIRPORT SHARING REVENUE	133,025	137,678	100,000	City will need to share Hawthorne Hanger - therefore, reducing the revenue
	<b>Total Intergovernmental Taxes</b>	<b>\$ 2,700,851</b>	<b>\$2,702,141</b>	<b>\$2,631,753</b>	

**General Fund Revenues (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-115-3210	GRANT - VOCA	\$58,958	\$ 64,067	\$64,067	Grant revenue for Victims of Crime Assistance
01-115-3213	GRANT - STEP	8,101	9,000	8,000	The City will be participating for the remaining for the calendar year
01-115-3216	GRANT - GREEN REGION	10,000	-	-	None anticipated
01-115-3244	GRANT-JAG NON-STIMULUS	34,778	26,000	-	None anticipated
01-115-3246	GRANT-POLICE EQUIPMENT	650	-	1,700	4 Vest, tactical vest
01-115-3247	GRANT - POLICE TOBACCO	2,012	2,012	2,012	Flat
	<b>Total Grant Revenue</b>	<b>\$114,498</b>	<b>\$101,079</b>	<b>\$75,779</b>	
01-120-3300	VEHICLE STICKERS	\$677,424	\$630,000	\$630,000	110 antique/rv @\$25,50 Disabled @\$30, 8,000 Passenger @\$70, 150 Motorcycles @ \$35, 575 Truck B @ \$90, 30 Truck D @130, 19 Truck F @ \$170, 8 Truck H @\$210
01-120-3310	VEH. STICKERS SENIORS	44,791	41,250	41,250	1,375 Senior Stickers @ \$30
01-120-3320	VEH. STICKERS LATE FEES	38,748	16,530	16,530	Less residents paying late - projected at current levels
01-120-3321	VEH. STICKERS TRANSFERS	3,095	2,500	2,500	250 transfers @ \$10
	<b>Total Vehicle Stickers</b>	<b>\$764,058</b>	<b>\$690,280</b>	<b>\$690,280</b>	
01-120-3342	LICENSES - ANIMALS	\$13,492	\$10,800	\$10,800	900 pets @12 per pet
01-120-3343	LICENSES - LIQUOR	68,440	74,575	74,575	Class A: 4 @ \$3,300 = \$16,500, Class A-2: 1 @ \$4,400 = \$4,400, Class A-3: 1 @ \$4,000 = \$4,000, Class B: 7 @ \$2,200 = \$15,400, Class B-1: 3 @ \$1,925 = \$5,775, Class B-2: 1 @ \$2,200 = \$2,200, Class C: 3 @ \$3,300 = \$9,900, Class C-1: 5 @ \$1,650 = \$8,250, Class C-2: 1 @ \$3,300 = \$3,300, Class C-3-1 1@\$1,650 = \$1,650; Class SB: 1@\$440 = \$440.
01-120-3344	LICENSES - BUSINESS	15,578	51,187	51,187	Salon no washroom (8) - \$1,056; Salon w/ washroom (4) - \$726; Billiard Tables (13) - \$145; Kennel 11-25 animals (1) - \$132; Kennel 26 or more (1) - \$198; Laundry no washroom (4) - \$264; Laundry w/ washroom (1) \$115.50; Paint/oil/flammables dealer (24) - \$3,076; Service station pedestal fee (27) - \$1,848; Scavenger service (1) - \$2,559; Swimming pool (11) - \$1,089; Tobacco dealer (20) - \$3,300 - coin operated machine owner (2) - \$990; Coin-op proprietor (25) - \$1,658; Juke box (7) - \$407
01-120-3345	LICENSES - COIN OPERATED	2,409	-	-	Moved to business licenses

**General Fund Revenues (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-120-3346	LICENSES - CONTRACTORS	36,400	27,600	25,000	250 Licensed Contractors at \$100 each
01-120-3347	LICENSES - FOOD HANDLERS	31,991	32,000	32,000	Flat - no new licenses anticipated
01-120-3348	LICENSE - AGREEMENTS	-	-	12,000	License Fees
	<b>Total Licenses</b>	<b>-</b>	<b>\$ 160,215</b>	<b>\$ 153,815</b>	
01-125-3350	CABLE FRANCHISE FEES	\$201,851	\$185,000	\$185,000	Same as FY2015-2016 Budget
01-125-3355	SOLID WASTE FRANCHISE FEES	101,307	82,000	82,000	Same as FY2015-2016 Budget
01-125-3360	NATURAL GAS FRANCHISE FEES	24,325	24,500	24,500	Same as FY2015-2016 Budget
	<b>Franchise Fees</b>	<b>\$327,484</b>	<b>\$291,500</b>	<b>\$291,500</b>	
01-130-3400	BUILDING PERMITS	\$170,055	\$393,327	\$190,000	General Permits \$175,000 flat, Chase \$10,000 Church \$18,000
01-130-3402	PUBLIC HEARING FEES	2,550	2,000	2,600	Flat
01-130-3403	ELEVATOR INSPECTION FEE	6,343	4,200	4,600	46 Elevators @ \$100 ea
01-130-3404	CERT. OF OCC. INSPECTG FEES	150	1,000	500	10 certificates of occupancy
01-130-3405	HEALTH INSPECTION FEE	-	500	500	10 Reinspections @ \$50 ea
01-130-3406	COMMERCIAL INSPECTION FEE	7,960	7,250	7,250	150 x \$40 & 50 x \$25
01-130-3407	ENGINEERING PERMIT FEES	-	-	13,000	Reported separately from building permits
01-130-3410	BUILDING RE-INSP. FEE	300	1,000	1,000	20 Reinspections @ \$50 ea
01-130-3411	RENTAL INSPECTION FEE	166,811	150,000	187,500	1,500 inspections @100.00 plus license @\$25
	<b>Total Building &amp; Development Fees</b>	<b>\$354,169</b>	<b>\$559,277</b>	<b>\$406,950</b>	
01-140-3500	TRAFFIC FINES	\$417,635	\$300,000	\$300,000	Moving violations and RedSpeed Revenue \$30,000 per month RedSpeed and \$20,000 Circuit Court Collection - Anticipated RedSpeed plateau as less repeat offenders
01-140-3505	ORDINANCE & PARKING FINES	228,869	230,000	180,000	FY2015-16 includes \$50,000 from Debt Recovery Program. Amount not anticipated in FY2016-17
01-140-3510	LIQUOR FINES	-	100	100	One projected
01-140-3515	VEHICLE SEIZURE FEE	82,000	80,000	80,000	160 seizures @500 each
01-140-3520	DUI ASSESSMENTS	11,509	7,200	7,200	Average FY2014 & FY2015 and hiring of new officer
01-140-3525	POLICE ALARM LICENSES & FEES	15,175	11,000	11,000	Flat
	<b>Total Public Safety Fines &amp; Fees</b>	<b>\$755,187</b>	<b>\$628,300</b>	<b>\$578,300</b>	

**General Fund Revenues (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-145-3550	POLICE REVENUE-NARCOTICS	\$ -	\$14,531	\$ -	None anticipated
01-145-3551	POLICE REVENUE-TASK FORCE	16,078	11,506	16,000	Same as last year - overtime for Federal (DEA)
01-145-3552	POLICE REV-ABANDENED PROP EVID	13	-	-	None anticipated
01-145-3553	POLICE REVENUE-SPECIAL DETAILS	31,894	32,000	20,000	Park District, HOME Detail and PABCOR
01-145-3554	POLICE REVENUE - GAMING TAX	1,713	2,786	2,500	same as prior year
01-145-3555	POLICE REVENUE - SEIZED ASSETS	-	2,637	-	None anticipated
01-145-3560	POLICE REVENUE - PROPERTY	-	100	-	None anticipated
	<b>Total Public Safety Special Revenue</b>	<b>\$49,698</b>	<b>\$63,560</b>	<b>\$38,500</b>	
01-150-3611	MFT FUND SERVICE CHARGE	\$241,300	\$246,100	\$264,000	Accounting, B&Z, PW time and O/H
01-150-3612	TIF SERVICE CHARGE	84,500	77,800	60,100	Accounting, B&Z, PW time and O/H
01-150-3613	CVB/TOURISM SERVICE CHARGE	61,000	65,000	72,000	Accounting, B&Z, PW time and O/H
01-150-3617	SOLID WASTE SERVICE CHARGE	100,000	122,000	123,000	Accounting, B&Z, PW time and O/H
01-150-3621	SSA #1 SERVICE CHARGE	36,000	33,500	25,700	Accounting, B&Z, PW time and O/H
01-150-3622	SSA #2 SERVICE CHARGE	38,000	34,800	27,500	Accounting, B&Z, PW time and O/H
01-150-3623	SSA #3 SERVICE CHARGE	47,900	48,800	42,600	Accounting, B&Z, PW time and O/H
01-150-3624	SSA #4 SERVICE CHARGE	37,100	35,200	27,400	Accounting, B&Z, PW time and O/H
01-150-3625	SSA #5 SERVICE CHARGE	51,200	48,700	44,500	Accounting, B&Z, PW time and O/H
01-150-3626	SSA #6 SERVICE CHARGE	51,900	27,204	-	None anticipated
01-150-3628	SSA #8 SERVICE CHARGE	85,800	82,100	74,000	Accounting, B&Z, PW time and O/H
01-150-3631	ROAD CONST - SERV CHRГ	218,500	-	-	None anticipated
01-150-3651	WATER FUND SERVICE CHARGE	189,000	210,000	224,000	Accounting, B&Z, PW time and O/H
01-150-3652	PARKING FUND SERVICE CHARGE	29,000	26,000	27,000	Accounting, B&Z, PW time and O/H
01-150-3653	SEWER SERVICE CHARGE	-	76,000	175,000	Accounting, B&Z, PW time and O/H
	<b>Total Interfund Service Charges</b>	<b>\$1,271,200</b>	<b>\$1,133,204</b>	<b>\$1,186,800</b>	
01-155-3700	EMPLOYEE SALARY REIMBURSE	\$ 40,333	\$42,220	\$42,243	Crossing Guards expense 80 hours for 19 periods @ \$22-27 per hours plus fringe benefits and O/H exp & Worker's Comp
01-155-3701	EMPLOYEE EXPENSE REIMBURSE	786	240	240	Personal phone charges \$20 per month

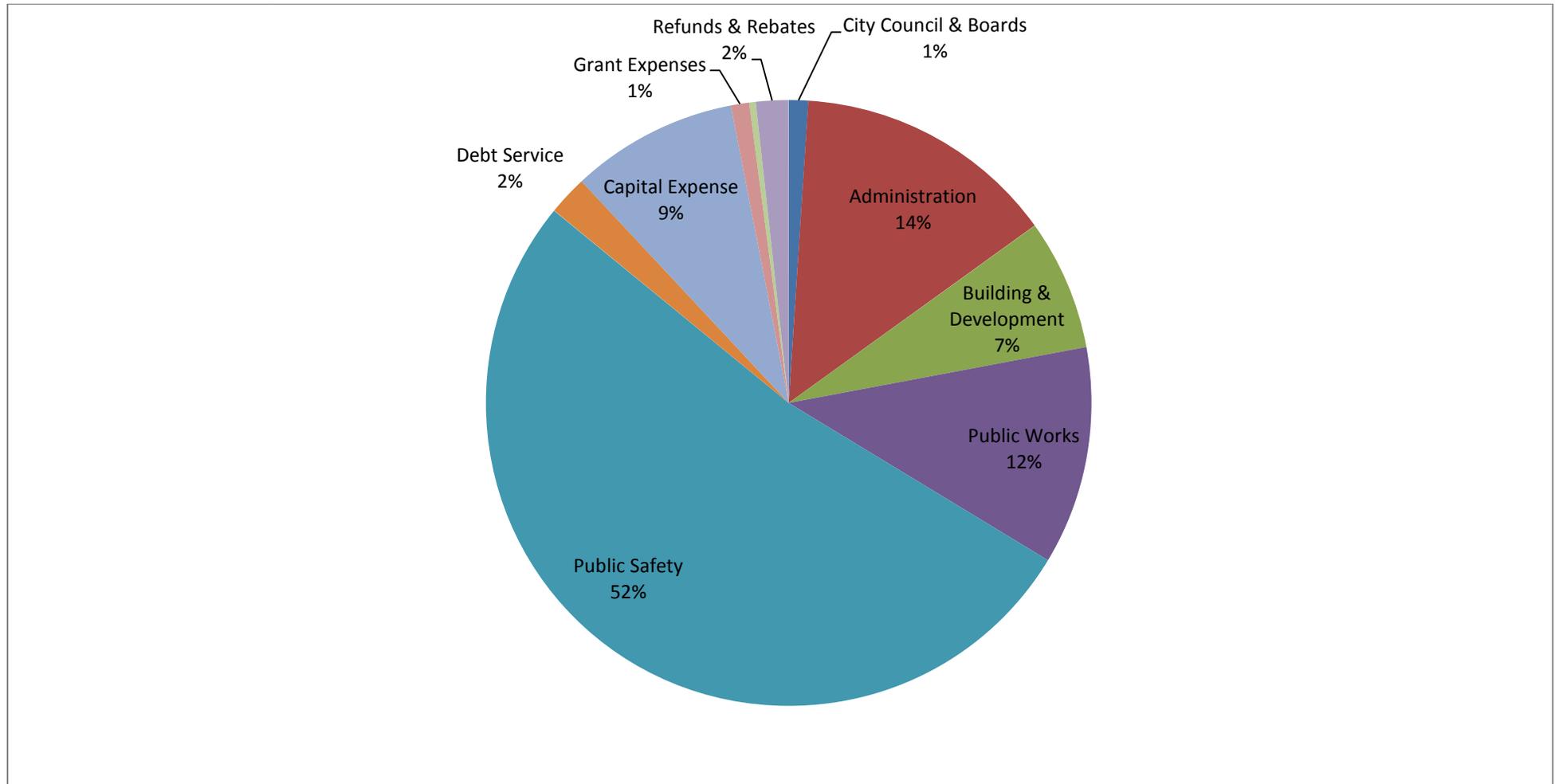
**General Fund Revenues (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-155-3702	EMPLOYEE INS. REIMBURSEMENT	51,233	58,360	60,843	All employees are required to pay 10% of their health insurance & dental insurance premiums, except for employees who are members of the Union Local 150
01-155-3703	RETIREE HEALTH INS REIMBURSE	3,067	3,192	3,447	4 dental
01-155-3720	FIRE DISTRICT GAS REIMB.	8,689	6,500	7,000	Gas prices anticipated to go up
01-155-3721	PARK DISTRICT REIMBURSEMENT	2,532	2,468	-	None anticipate
01-155-3730	INSURANCE REIMBURSEMENTS	27,615	3,878	-	None projected
01-155-3741	BUILDING & ENG DEPT REIMB FEES	10,167	7,000	7,000	Engineering \$7,000 not reimbursed through permits
01-155-3743	PUBLIC WORKS REIMB FEES	3,424	1,500	-	Tourism District included in Service Charges
01-155-3744	ADMIN REIMBURSABLE FEES	-	1,500	-	City Administrator & Finance Director Time related to Tourism District included in Service Charges
01-155-3745	PUBLIC SAFETY REIMURSABLE FEES	4,986	4,900	-	None anticipated
	<b>Total Reimbursable Income</b>	\$158,828	\$132,360	\$121,353	
01-160-3800	INTEREST INCOME	\$(175,269)	\$16,296	\$5,748	Fund balance lower due to pay down of Arena Land Debt
01-160-3801	INTEREST INCOME - DEBT	6,750	4,500	2,250	SSA #8 Interest on Line of Credit 2.25% on \$00,000
01-160-3805	NOTE PAYABLE - PRINCIPAL PYMT	-	100,000	-	Principal payment for SSA #8 Note Payable - not anticipated for this year
01-160-3810	NEWSLETTER ADVERTISING	4,813	3,500	3,500	Flat
01-160-3811	BUS SHELTERS AD REVENUE	2,164	2,000	2,000	Flat
01-160-3815	SPONSORSHIP & CONTRIBUTIONS	4,247	2,800	7,000	Mayor's Breakfast table sponsorship and admissions
01-160-3820	SALE OF CITY PROPERTY	11,333	10,000	5,500	1 ton dump truck \$3,000, 1 car \$2,500
01-160-3830	GASOLINE REBATE	1,896	900	900	Flat
01-160-3840	AIRPORT MEETING FEES	3,050	-	-	None anticipated
01-160-3899	MISCELLANEOUS INCOME	22,464	9,300	-	License Fees
	<b>Total Other Revenues</b>	\$(118,552)	\$149,296	\$26,898	
01-200-3990	INTERFUND TRANSFER IN	403,433	389,764	288,609	Police Reimbursement for Tourism District
	<b>General Fund Total Revenues</b>	<b>\$9,422,591</b>	<b>\$ 9,329,151</b>	<b>\$ 8,848,453</b>	

### General Fund Expenditures

The General Fund Expenditures for FY2016-2017 total \$9,004,541 which represents a \$193,042 decrease from the prior fiscal year budget. The decrease reflects the City's less capital improvements related to drainage issues. The General Fund budget includes expenses for the following departments: City Council & Boards, Administration, Public Safety, Public Works, Engineering, and Building and Development. The expenditures also include capital expenses, debt expense, public safety special revenue expenses, reimbursable expenses, refunds and rebates, and grant expense.

Below is a breakdown of expenses:



## Board and Commissions

### Legislative

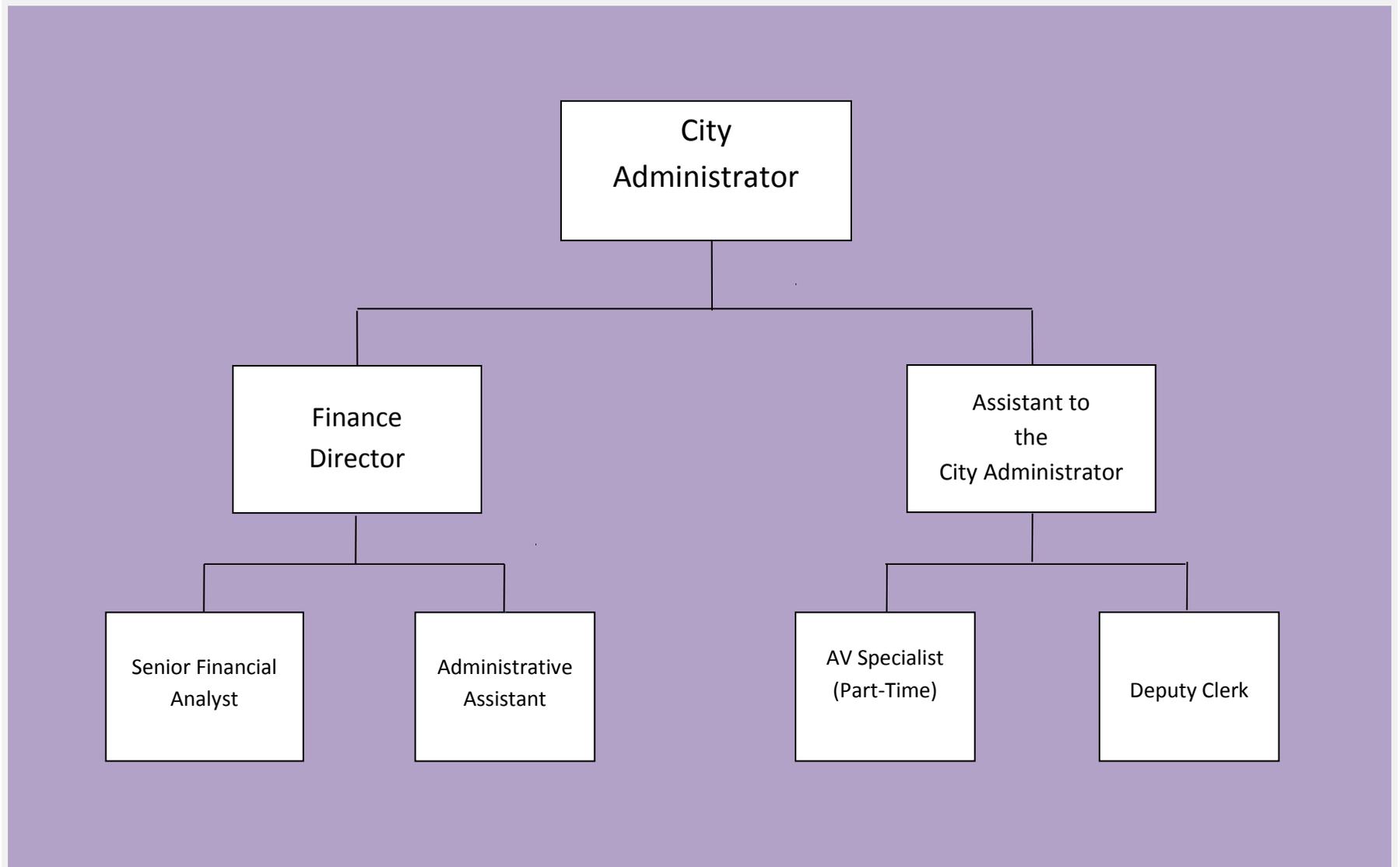
The objective of the City Council is to assure the community efficient and economical government service, and to establish policy and enact ordinances that protect the health, safety and welfare of the City residents. The Mayor is elected at large and the City Council members are elected by ward and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

The City has eight elected officials, ten paid individuals that service on Boards and Commissions. There are five Aldermen that represent the five wards within the City. The City commissions, committees and boards are composed of residents appointed by the City Mayor and with the consent of the City Aldermen.

Expenditure budgeted for FY2016-2017 in the amount of \$93,585. The expenditures are detailed below:

General Ledger #	General Ledger Acct Description	Actuals 2013-2014	Amended Budget 2014-2015	Budget 2015-2016	Description
01-310-4000	WAGES	\$12,105	\$34,320	\$34,320	Council - \$27,000 Police & Fire - 20 meeting @\$100 PZBA 14 meetings @\$380
01-310-4200	SOCIAL SECURITY	580	1,674	1,674	Salary Increases
01-310-4210	MEDICARE	136	391	391	Salary Increases
01-310-5100	PROFESSIONAL SERVICES	558	2,000	2,000	Equipment repairs
01-310-5300	ALDERMANIC EXPENSES	3,514	4,300	4,300	Conferences and Travel
01-310-5310	MEMBERSHIPS	10,511	12,000	12,000	Illinois NATOA - AV society, IL Municipal League, NW Municipal Conference
01-310-5330	TRAINING	305	400	400	AV training
01-310-5950	SPECIAL EVENTS	14,588	21,000	16,500	Community Breakfast \$2,000, \$1,500 Community Days, \$10,000 Block party amount - 50% of expenses with Park District, July 3rd event \$3,000
01-310-5955	CONTRIBUTION TO ORGANIZATIONS	-	2,250	-	None anticipated
01-310-7020	EQUIPMENT	4,865	15,000	22,000	Playout system client server hardware and software - \$15,000, Supplies & equipment \$5,000 and \$10,000 new switch for City Hall
01-310-7025	SOFTWARE	-	500	-	None anticipated
	<b>TOTAL CITY COUNCIL &amp; BOARDS</b>	<b>\$47,163</b>	<b>\$93,835</b>	<b>\$93,585</b>	

**CITY OF PROSPECT HEIGHTS, ILLINOIS**  
**Organizational Chart – Administration**  
**April 30, 2016**



## **Administration**

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

### **City Administrator**

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

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

## **Finance**

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

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

### **Assistant to the City Administrator**

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

### **The Deputy Clerk**

The Deputy Clerk is responsible for statutory administrative services.

### **Accounting Analyst**

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

### **Audio Visual Specialist (AV Specialist)**

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

### **Administrative Assistant**

The Administrative Assistant is responsible for cash receipting responsibilities.

## Legal

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

## Budget Analysis

The Administration Department FY2016-2017 budget is \$122,878 more than the prior year budget. Due to mid-year hiring of City Administrator and Assistant City Administrator and planned Police Contract negotiation expenses.

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-320-4000	WAGES	\$291,621	\$428,569	\$454,780	Salary Increases - All employees considered full-time & includes salary for City Administrator & Assistant City Administrator for 12 months
01-320-4003	WAGES - PART-TIME	42,017	23,000	23,690	AV technician
01-320-4010	OVERTIME	-	1,000	1,000	Emergency for Vehicle Sticker sales
01-320-4100	HEALTH INSURANCE	35,827	44,459	46,083	10% increase over last year
01-320-4110	LIFE INSURANCE	261	387	394	Life insurance based upon salaries
01-320-4200	SOCIAL SECURITY	17,614	26,664	27,778	Salary Increases
01-320-4210	MEDICARE	4,675	6,548	6,944	Salary Increases
01-320-4220	IMRF	46,652	54,243	59,314	IMRF 13.03% CY 2016 and 14.00% in CY2017
01-320-5100	PROFESSIONAL SERVICES	193,810	51,150	75,000	Codification maintenance of City Code, SEC Disclosure Requirements, EOC Building Improvements. Downtown evaluation - \$50,000
01-320-5101	AUDIT	13,736	15,655	18,786	City Audit & GASB 45 audit expense
01-320-5120	CITY ATTORNEY	79,906	110,000	110,000	Prior year amount
01-320-5121	HOUSING ATTORNEY	9,600	13,000	13,200	\$1,100 per month *12 month Contract
01-320-5122	CITY PROSECUTOR	17,310	24,000	24,000	RedSpeed and Ordinance Violations \$2,000 for attorney and Court reporter
01-320-5123	LABOR ATTORNEY	76,357	20,000	75,000	Police contract negotiations
01-320-5125	BILLABLE ATTORNEY	5,268	5,000	3,000	Estimated base prior two year average
01-320-5130	COMPUTER CONSULTANT	55,027	72,000	72,000	Protecting and Improving current system \$6000/month
01-320-5200	POSTAGE	9,186	14,000	14,000	Newsletter mailing and collection letters

## Administration Budget (continued)

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-320-5220	PHOTOCOPY	14,991	16,600	17,200	Color Copier \$1,100/mo and extra copies \$4,000
01-320-5221	PRINTING	20,317	20,000	20,000	Newsletter mailing extra pages, vehicle stickers
01-320-5222	LEGAL NOTICES	969	3,500	3,500	Annual Treasurer's Report \$950, Prevailing Wage Ord \$450, Annual Budget \$600, Truth in Taxation Notice \$500, Public hearings, RFP's and special meetings
01-320-5230	WEBSITE	5,430	11,000	6,000	Maintenance Fee - Civic Plus
01-320-5310	MEMBERSHIPS	1,206	4,100	4,100	ILCMA \$1000, Municipal Clerks \$100, Notary \$200, Gov't Finance Officers \$500, IL Municipal League \$1,300, \$1,000 Pension Fairness Coalition
01-320-5330	TRAINING	473	1,500	3,000	ILCMA Conference, GFOA Conference
01-320-5340	TUITION REIMBURSEMENT	-	-	3,000	One employee 2 classes
01-320-5410	UTILITIES	47,021	54,000	54,000	Cable, Nicor, Verizon, Water, Electric @4,500/mo - lower electric and gas bills due to agreements & LED lighting
01-320-5430	CREDIT CARD & BANK CHARGES	9,610	10,000	10,000	Credit Card Service Charges-flat to prior yr actual & budget
01-320-5500	LIABILITY INSURANCE	32,260	36,660	40,326	Based upon building & equipment allocations
01-320-5501	INSURANCE DEDUCTIBLES	4,591	20,000	20,000	8 deductibles @\$2,500 each
01-320-5510	RENTAL EQUIPMENT	-	-	-	None anticipated
01-320-5530	WORKERS COMP INSURANCE	1,960	2,172	2,389	Allocation to Department based upon classification codes
01-320-5540	PAYROLL SERVICE FEES	5,259	6,200	6,200	\$200 per payroll for pro-data and reporting requirements \$1,000
01-320-5541	ACCTING SERVICE FEES	4,439	4,500	4,500	Amount for Accounting software support
01-320-5700	OFFICE SUPPLIES	15,521	17,000	17,000	Current Year estimate
01-320-5721	SIGNS	13,703	12,000	2,500	2 additional new signs - Location
01-320-5751	GASOLINE	-	100	100	Flat
01-320-5820	PUBLICATIONS	583	500	600	Paddock Publications
01-320-5951	EMPLOYEE RECOGNITION	1,227	2,500	2,500	Flat
01-320-7011	IMPROVEMENTS	-	12,000	25,000	Carpet City Hall 1st Floor
01-320-7020	EQUIPMENT	-	2,000	2,000	Computer Replacement
01-320-7025	SOFTWARE	803	-	-	None anticipated
<b>TOTAL ADMINISTRATION</b>		<b>\$1,079,229</b>	<b>\$1,146,007</b>	<b>\$1,268,885</b>	

## Engineering

General Fund related engineering costs have been included in the Building & Zoning Department expenses for FY2016-17 budget year. The City engineering fees are allocated to the building and zoning, various SSA's, Road Construction, and Water Fund.

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-330-4000	WAGES	\$20,432	\$ 22,201	\$ -	Moved to Building & Development Department
01-330-4100	HEALTH INSURANCE	6,882	7,604	-	Moved to Building & Development Department
01-330-4110	LIFE INSURANCE	42	40	-	Moved to Building & Development Department
01-330-4200	SOCIAL SECURITY	1,220	1,376	-	Moved to Building & Development Department
01-330-4210	MEDICARE	286	322	-	Moved to Building & Development Department
01-330-4220	IMRF	2,854	2,810	-	Moved to Building & Development Department
01-330-5100	PROFESSIONAL SERVICES	34,954	80,000	-	Moved to Building & Development Department
01-330-5110	BILLABLE ENGINEERING SERVICES	21,639	28,000	-	Moved to Building & Development Department
01-330-5530	WORKERS COMP INSURANCE	299	181	-	Moved to Building & Development Department
	<b>TOTAL ENGINEERING</b>	\$88,608	\$ 142,534	\$ -	

## Building and Development Department

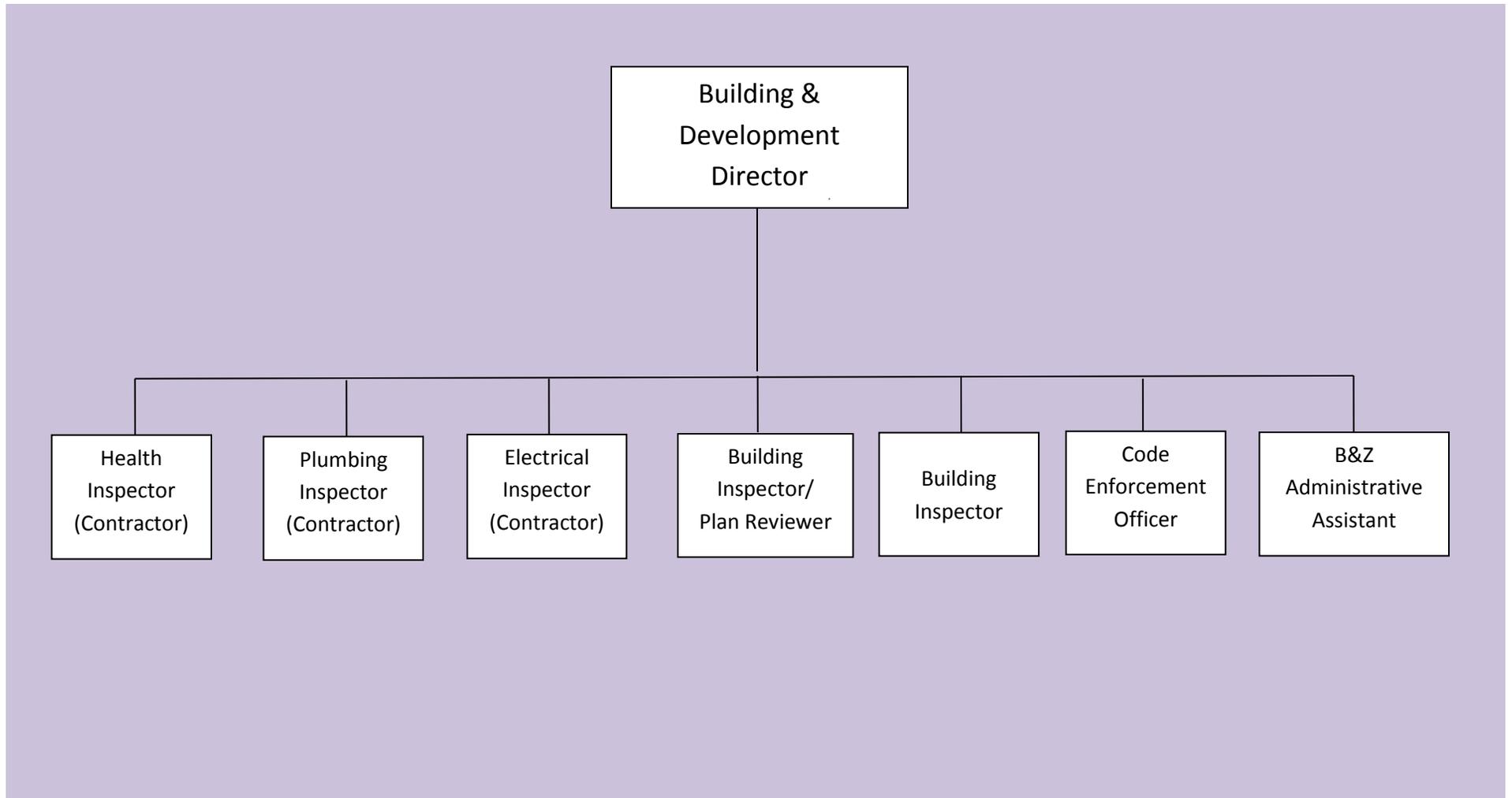
The Building and Development Department provides for the administration and inspection of all new residential, commercial, and industrial construction, existing structures, and all businesses pursuant to City ordinances, codes and applicable State Statutes. Appropriate regulations and inspections of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

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

In FY2016-17 the Building and Development Department included the costs for engineering. In prior years, engineering was considered its own department. As the City does not have any employees in this department and outsources the services, the costs have been incorporated in the Building and Development Department. Therefore, the Building and Development Department reflects a \$147,832 increase in expenses which reflects the engineering expenses.

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
<b>01-340-4000</b>	WAGES	\$217,073	\$273,575	\$319,855	Remove .5 FTE Special Advisor to the City and add 1 FTE for a Building Inspector/Plan Examiner
<b>01-340-4010</b>	OVERTIME	2,520	5,000	-	None anticipated
<b>01-340-4100</b>	HEALTH INSURANCE	70,230	68,604	80,919	10% increase in Health Insurance & new employee
<b>01-340-4110</b>	LIFE INSURANCE	298	269	437	1/2 of administrative assistant moved from engineering
<b>01-340-4200</b>	SOCIAL SECURITY	13,405	17,272	19,882	1/2 of administrative assistant moved from engineering
<b>01-340-4210</b>	MEDICARE	3,135	4,039	4,650	1/2 of administrative assistant moved from engineering
<b>01-340-4220</b>	IMRF	31,089	27,664	42,821	IMRF 13.03% CY 2016 and 14.00% in CY2017
<b>01-340-5100</b>	PROFESSIONAL SERVICES	25,370	60,000	62,300	Health @ \$65x20/month Plumbing @ \$78x20/month Electrical @ \$84x15/month Elevator @ \$43 x 46/year, plan review \$5@100, attorney, special inspections & review
<b>01-340-5221</b>	PRINTING	-	-	50,000	Storm water management, moved from 330 dept,
<b>01-340-5310</b>	MEMBERSHIPS	-	-	20,000	Developer reimbursable engineering expenses moved from 330 dept
<b>01-340-5110</b>	ENGINEERING	1,311	2,000	2,000	Health Inspection forms, zoning map, business cards, etc. & scanning of documents for archive and new zoning maps
<b>01-340-5111</b>	BILLABLE ENGINEERING	1,684	2,000	2,000	Legal Notice due to building & zoning requirements
<b>01-340-5321</b>	AUTO EXPENSE	670	350	400	ICC \$150, NWBOCA \$100, IACE \$50, AACE \$100
<b>01-340-5222</b>	LEGAL NOTICES	-	500	-	None anticipated
<b>01-340-5330</b>	TRAINING	255	2,175	2,175	NWBOCA 6@\$50, Code Institute 10 @35, ICC National \$600, Certification \$2,175
<b>01-340-5500</b>	LIABILITY INSURANCE	606	900	990	Based upon building & equipment allocations
<b>01-340-5530</b>	WORKERS COMPENS INSURANCE	6,667	7,500	11,250	Allocation to Department based upon classification codes
<b>01-340-5700</b>	OFFICE SUPPLIES	25	2,000	2,000	Misc Supplies
<b>01-340-5751</b>	GASOLINE	2,113	3,000	3,000	Gasoline for building Department Vehicle #101 and #502
<b>01-340-5820</b>	PUBLICATIONS	-	2,500	2,500	2 code books \$750, planning magazine, Real Estate Journals (Loopnet)
<b>TOTAL BUILDING &amp; DEVELOPMENT DEPT</b>		<b>\$376,451</b>	<b>\$479,348</b>	<b>\$627,180</b>	

**CITY OF PROSPECT HEIGHTS, ILLINOIS**  
**Organizational Chart – Building & Development**  
**April 30, 2016**



## **Public Works**

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

### **Building Maintenance**

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

### **Streets, Drainage, and Sanitary Sewer**

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

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

### **Forestry and Grounds**

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

### **Vehicle Maintenance**

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

### **Water & Sewer System Maintenance**

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

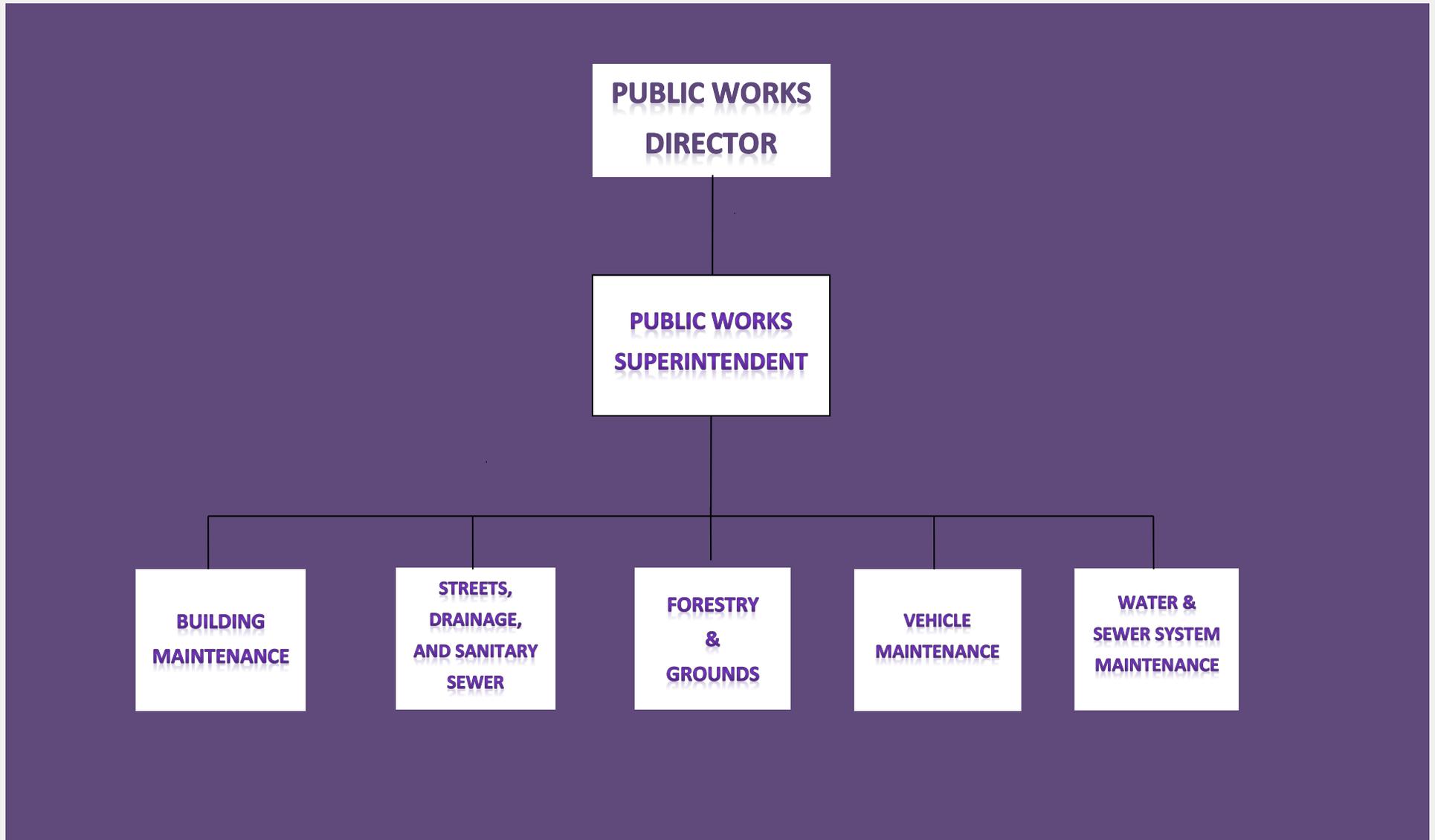
**Public Works Budget**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
<b>01-350-4000</b>	WAGES	\$420,890	\$431,980	\$368,781	Public Works Director not replaced
<b>01-350-4003</b>	WAGES - PART-TIME	8,400	16,995	10,560	Summer help – 2 P-T employees @ \$11/hour for 40 hrs./wk. for 12 weeks
<b>01-350-4010</b>	OVERTIME	50,417	50,000	50,000	34 to 40 events @\$1,500
<b>01-350-4100</b>	HEALTH INSURANCE	102,000	120,357	114,000	Public Works Director not replaced
<b>01-350-4110</b>	LIFE INSURANCE	602	594	495	Public Works Director not replaced
<b>01-350-4200</b>	SOCIAL SECURITY	29,640	30,185	27,045	Public Works Director not replaced
<b>01-350-4210</b>	MEDICARE	6,932	7,059	6,325	Public Works Director not replaced
<b>01-350-4220</b>	IMRF	64,551	59,469	56,839	IMRF 13.03% CY 2016 and 14.00% in CY2017
<b>01-350-5020</b>	VEHICLE MAINTENANCE	37,181	50,000	50,000	New maint program - additional fleet - flat to last year
<b>01-350-5031</b>	SIGNAL MAINTENANCE	16,014	16,000	16,000	Opticon replacement through the State. Consistent between last 3 years
<b>01-350-5100</b>	PROFESSIONAL SERVICES	21,358	15,000	10,000	Engineering \$5,000 and GIS mapping streets, sewer, storm water - continue project
<b>01-350-5103</b>	PROF SERVICES - FORESTRY	72,446	48,000	20,000	Establish pruning program, remove dead trees, potential Quincy Park Emerald Ash Bore trees
<b>01-350-5104</b>	PROF SERVICES - BUILDING MAIN	44,041	36,200	57,200	Cleaning service - Police Facility, City Hall, Public Works) \$1,150 per month X 12 Months = \$13,800, City Hall carpet cleaning \$1,400, Window Washing \$700, Elevator Maint \$3,800, Plumbing Ins/service \$500, Fire services \$3,000, Security alarm maint, \$2,000, Sprinkler main \$2,000, Sprinkler inspection \$960, HVAC Maint \$2,100, Backflow insp \$1,600, Pest Control \$300, Overhead Garage Door Service \$700, Uniform service \$300/month x 12 Months = \$3,600,\$1,200 for Elevator inspections, fence at police department behind police, fire and Walgreens \$21,000
<b>01-350-5105</b>	PROF SERVICES - VEHICLE MAINT	3,083	-	-	Moved to Vehicle Maintenance
<b>01-350-5106</b>	PROF SERVICES - STREETS/DRAIN	4,850	50,000	75,000	Street Maintenance (patching/crack sealing) \$50,000, Spot paving repairs on various City Streets \$25,000
<b>01-350-5310</b>	MEMBERSHIPS	732	2,000	2,000	Illinois Arborist, Tree City USA, Morton Arboretum, APWA

## Public Works Budget (continued)

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-350-5330	TRAINING	1,614	2,000	2,000	Forester, ASE training and APWA Training
01-350-5411	WATER AND ELECTRIC PURCHASES	10,315	9,000	9,000	Group 1 street lights \$2,000, Group II \$2,600
01-350-5421	DUMP CHARGES	-	500	-	Moved to professional service forestry
01-350-5441	LICENSES	-	1,500	500	New truck registration
01-350-5500	LIABILITY INSURANCE PREMIUM	37,427	49,034	53,937	Based upon building & equipment allocations - included new addition
01-350-5510	RENTAL EQUIPMENT	1,551	2,000	2,000	Extra chipper, emergency equipment, sidewalk grinder, trencher
01-350-5530	WORKERS COMP INSURANCE	18,220	16,000	17,600	Allocation to Department based upon classification codes
01-350-5610	EQUIPMENT MAINTENANCE	1,098	4,000	4,000	Tools and Lawn mower maintenance
01-350-5620	VEHICLE PARTS	-	-	-	Moved to Vehicle Maintenance
01-350-5632	ICE CONTROL MAINTENANCE	202	-	-	Moved to Operating Supplies
01-350-5634	STONE & CONCRETE	-	-	-	Moved to Operating Supplies
01-350-5635	STORM SEWER & PIPE	627	2,500	2,500	Storm sewer ditch line maintenance
01-350-5650	LANDSCAPE SUPPLIES	16,880	14,000	4,000	\$4,000 Natural Resource Commission
01-350-5700	OFFICE SUPPLIES	1,841	3,000	3,000	General paper, files, coffee - based upon current trends
01-350-5710	OPERATING SUPPLIES	29,957	30,000	30,000	All various Misc supplies/tools for day-to-day operations including but not limited to; hardware, plumbing, electrical, sheet metal, HVAC / parts / repair parts etc., landscaping, building materials, and cleaning supplies.
01-350-5721	SIGNS	15,522	20,000	20,000	New signage, barricades & cones, remove/replace damaged/faded existing street signage, for muni district
01-350-5730	TOOLS	1,207	3,000	3,000	Rakes, shovels, power tools, accessories, and snow blower
01-350-5751	GASOLINE	16,212	20,000	25,000	Based upon prior plus less adjustment for higher prices
01-350-7020	EQUIPMENT	11,785	-	-	New trailer for increased mobility and efficiency
01-350-7021	RADIO EQUIPMENT	7,149	3,500	1,500	Radio equipment for new trucks
01-350-7023	SAFETY EQUIPMENT	4,099	5,000	5,000	Winter clothing per CBA and replacement work shoes, vests, t-shirts, polo shirts, sweatshirts, hats, gloves, glasses
01-350-7025	SOFTWARE	5,200	-	-	None anticipated
<b>TOTAL PUBLIC WORKS</b>		<b>\$1,064,044</b>	<b>\$1,118,873</b>	<b>\$1,047,283</b>	

**CITY OF PROSPECT HEIGHTS, ILLINOIS**  
**Organizational Chart – Public Works**  
**April 30, 2016**



## **Public Safety**

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

### **Mission Statement**

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

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

### **Values**

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

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

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

### **History**

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

## Public Safety (continued)

The Department is divided into three basic divisions:

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

### Budget Analysis

The Public Safety Department's FY2016-2017 budget is forecasted to increase from the projected FY2015-2016 budget by \$77,391. The Police department increased costs are due to salary increases and related benefits and insurance and funding to the Police Pension program.



## Public Safety Budget

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
<b>01-360-4000</b>	WAGES	\$525,122	\$593,275	\$577,377	(1) Chief (1) Deputy Chief (1) Records Sup (2) Records Clerk (1) Administrative Assistant (1) Desk Officer (3) Part-time Desk officer Longevity Pay \$3,575 plus Crossing Guards 70 hours per pay period @ \$22-27/hour x 19 pay periods reimbursed by school district and fringe benefits
<b>01-360-4001</b>	WAGES - SWORN OFFICERS	1,698,004	1,735,743	1,781,731	(5) Sergeants, (6) Corporals/Detectives, (1) DEA, (9) Patrol Officers
<b>01-360-4002</b>	WAGES - EXTRA STRAIGHT PAY	49,222	60,000	50,000	Holiday Compensation sell back per contract \$40,000, Holiday Compensation when on duty \$10,000
<b>01-360-4004</b>	WAGES - PT SWORN OFFCRS	108,786	106,250	125,750	(5) @ 36 hours per pay period scheduled. Additional hours assigned as needed. Additional part-time officer added in February 2016
<b>01-360-4010</b>	OVERTIME	639	2,500	2,500	Expanded hours needed for desk to cover vacations/prisoners
<b>01-360-4011</b>	OVERTIME - SWORN OFFICERS	142,696	160,000	140,000	Court \$35,000, Manpower Hire back \$40,000, Investigations \$10,000, Training \$25,000 and Contingency \$5,000, reimbursable extra details and grants \$25,000.
<b>01-360-4100</b>	HEALTH INSURANCE	445,973	504,312	525,356	Change in plan levels plus 10% increase starting January 1016
<b>01-360-4110</b>	LIFE INSURANCE	2,802	2,646	2,689	Flat
<b>01-360-4200</b>	SOCIAL SECURITY	30,274	35,491	27,890	Increase in salaries
<b>01-360-4210</b>	MEDICARE	35,615	37,362	10,232	Increase in salaries
<b>01-360-4220</b>	IMRF	22,161	42,727	31,942	IMRF 13.03% CY 2016 and 14.00% in CY2017
<b>01-360-4230</b>	PENSION CONTRIB - R/E TAX	284,193	285,069	287,064	Adjusted for the CPI as of December 2013 is .8%
<b>01-360-4231</b>	PENSION CONTRIBUTION-CITY GF	387,243	425,544	454,760	Based upon actuarial valuations plus 3%
<b>01-360-5100</b>	PROFESSIONAL SERVICES	24,106	20,100	20,100	Emergency Siren Maint \$750. Duty related physicals, entry level physicals, psychological, polygraph and fitness for duty \$9,000, deceased body removal to ME office \$3,750, Recruit testing and Promotional testing F and P Commission \$2,000, Lexis Nexis \$2,100, \$2,500 contingency,
<b>01-360-5140</b>	PRISONERS CARE	840	2,500	2,500	Prisoner care to be provided by Prospect Height - food and hygiene (professional clean up)
<b>01-360-5141</b>	KENNEL FEES	1,778	2,000	4,000	Save-a-pet, Orphans of the Storm & New canine
<b>01-360-5200</b>	POSTAGE	3,635	3,000	3,000	Collection letters and prior year experience/FED EX for Attorney Communication DAG's
<b>01-360-5221</b>	PRINTING	3,195	5,000	3,500	Bus. Cards, Tickets , Field Directory, forms and case jackets.
<b>01-360-5240</b>	NORTHWEST CENTRAL DISPATCH	221,872	223,177	237,452	Per agreement. 3% of NWCDS 2015 operating budget assessments

**Public Safety Budget (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-360-5310	MEMBERSHIPS	33,845	35,100	41,000	FBINA \$200, NIPAS EST \$4,800 NIPAS \$400, MCAT \$3,000, MCAT STAR \$1,000, Illinois Arson Investigators Assoc \$40, Fire and Police Comm Assoc \$375, IL ACP \$400, Critical Reach \$285, International IACP \$440, North Suburban Chiefs \$150, Cook Co Captains \$150, LERMI \$40, Lexipol \$2,850, NIPAS MFF \$1,005, Rotary \$340, ILEAS \$120, Northern Ill Police Academy \$50, Northeastern Illinois Regional Crime Laboratory \$1.35 per resident 16,318) + \$3,000 totaling \$25,100
01-360-5321	AUTO EXPENSE	2,391	2,500	2,500	Car wash, detailing, professional cleaning bio hazard.
01-360-5330	TRAINING	18,043	20,050	20,700	Mileage Reimbursement \$1,000, ET and other specialty training \$4,600, NEMRT membership \$2,790, NEMRT Training \$1600, reimburse meals \$400, Mgmt and Supervisor courses \$1,250, NWPA \$1000, Captains \$480, North Sub Chiefs \$480, Lexipol Daily Training Bulletins \$2000, \$2,849 State Police Academy X 1 new recruit, refreshments in service training \$240, Rotary Meetings \$960, NWCDS training/liaison Meetings \$400, ILEAS Conference \$650
01-360-5340	TUITION REIMBURSEMENT	-	12,000	12,000	4 employees - 3 classes
01-360-5500	LIABILITY INSURANCE PREMIUM	36,608	42,642	46,906	Based upon building & equipment allocations
01-360-5510	RENTAL EQUIPMENT	516	620	620	Postage Meter and Scale
01-360-5520	ID NETWORKS	13,247	13,247	13,247	Annual RMS fee \$8,752 and \$4,495 for Livescan Maint.
01-360-5530	WORKERS COMP INSURANCE	112,814	120,000	144,000	Allocation to Department based upon classification codes
01-360-5610	EQUIPMENT MAINTENANCE	13,121	14,025	14,500	Verizon Wireless MDT Aircards \$6775, Radar repair and recert \$1000, Evidence Room BEAST software \$850, Pentegra Maintenance contract \$2,600, Range Maint \$1,000, Routine Misc (Ken) \$1,800, UCC Update \$449
01-360-5611	RADIO MAINTENANCE	847	1,000	1,000	In car radio T and M \$1,000
01-360-5700	OFFICE SUPPLIES	9,916	7,500	7,500	General office supplies and copier paper
01-360-5710	OPERATING SUPPLIES	9,848	10,000	11,200	Based on prior experience and \$1,200 for K9 nutrition
01-360-5740	RANGE SUPPLIES	8,266	7,650	7,650	Ammunition: Duty and Training, \$6000, Targets and training supplies \$900, Weapons parts \$750
01-360-5741	CLOTHING	18,143	21,100	21,700	28 officers at \$600, \$2,000 misc (replacement and patches), \$2,400 for a new officer, \$500 volunteer shirts/vest
01-360-5751	GASOLINE	56,104	50,000	50,000	Estimated based upon current trends

**Public Safety Budget (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-360-5820	PUBLICATIONS	125	1,060	1,060	Arrest Law Update 275, Daily Herald 430, Journal-topics 100, Public Employment Law 255
01-360-5970	REFUNDS	30	50	-	None anticipated
01-360-7022	POLICE EQUIPMENT	23,385	16,000	15,205	Road flares: \$900, OC spray replacement \$250, ET supplies \$4,750, Fingerprint station supplies \$200, Misc. vehicle replacement parts \$3,000, (4) ballistic vests \$650 each total \$2,600 (1) NIPAS Tactical Vest \$1005 (half of vest cost reimbursed through grant), Police Center Equipment replace upgrade \$2,500
<b>Total Public Safety</b>		<b>\$4,345,401</b>	<b>\$4,621,240</b>	<b>\$4,698,631</b>	

**Public Safety Special Revenue**

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

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-365-5981	DUI EXPENSE	\$818	\$7,600	\$2,800	Laser Radar Guns
01-365-5982	NARCOTICS EXPENSE	-	4,300	-	None anticipated
01-365-5983	SEIZED ASSET - EXPENSE	-	23,000	-	None anticipated
<b>Total Reimbursable Expenses</b>		<b>\$818</b>	<b>\$34,900</b>	<b>\$2,800</b>	

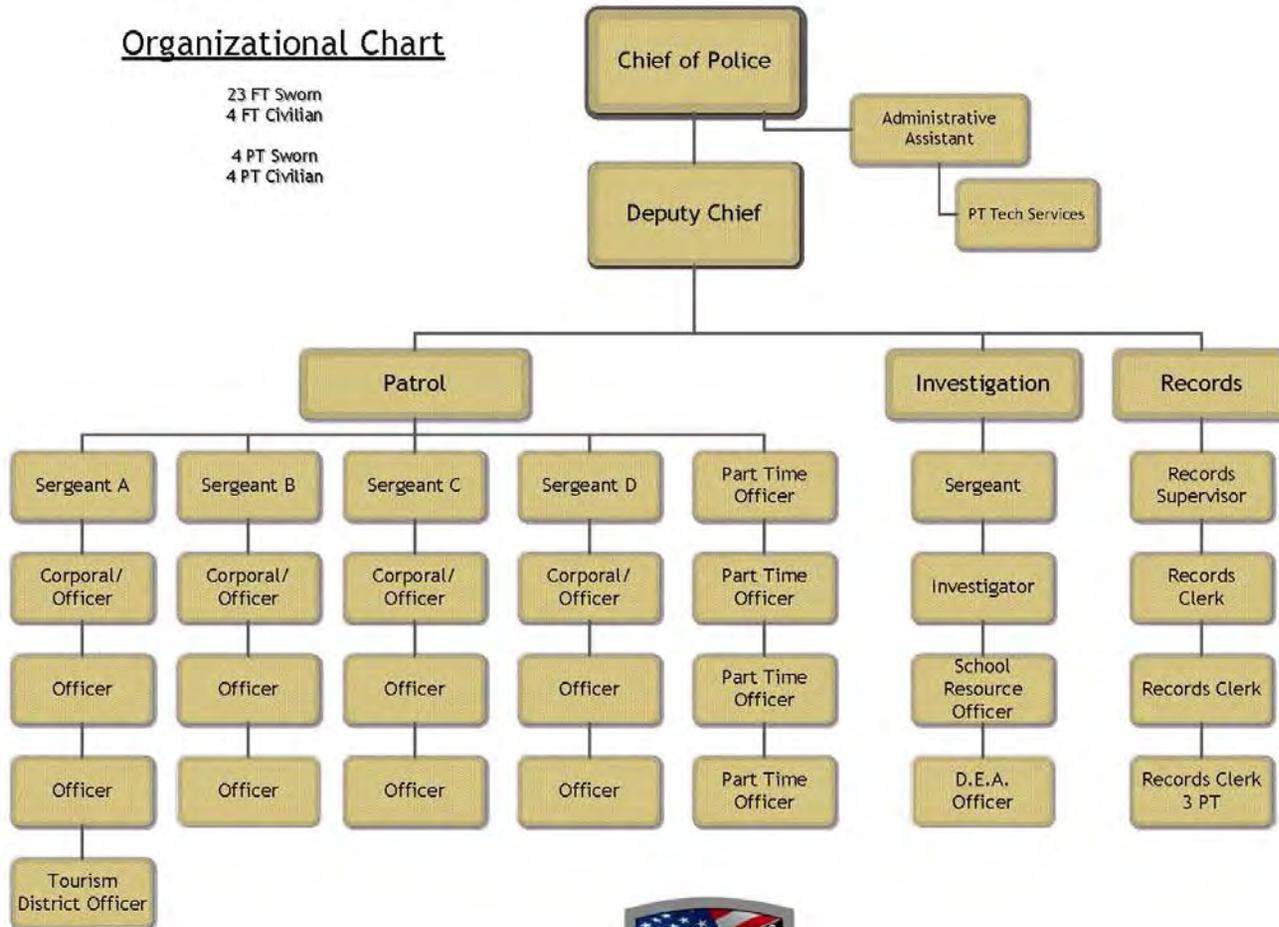
# CITY OF PROSPECT HEIGHTS, ILLINOIS

## Public Safety

April 30, 2016

### Organizational Chart

23 FT Sworn  
4 FT Civilian  
  
4 PT Sworn  
4 PT Civilian



## Reimbursable Expenses

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

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-370-4101	RETIREE HEALTH INSURANCE	\$3,120	\$3,447	\$3,447	4 dental
01-370-5102	GRANT WRITER	20,000	20,000	20,000	New Contract 9/1/12 - \$20,000
01-370-5751	GASOLINE	8,275	8,000	8,275	Prior year actuals - anticipated increase in gasoline prices
01-370-5990	SSA #9 - EXPENSES	124	-	-	None anticipated
<b>Total Reimbursable Expenses</b>		<b>\$31,519</b>	<b>\$31,447</b>	<b>\$31,722</b>	

## Other Expenses

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-380-5970	REFUNDS	\$2,851	\$2,500	\$2,500	Prior year actuals
01-380-5975	SALES TAX REBATE	156,488	150,000	150,000	Business Incentives
01-380-5999	MISCELLANEOUS EXPENSE	3,436	4,000	4,000	Estimated based upon prior years
<b>Total Other Expenses</b>		<b>\$162,774</b>	<b>\$156,500</b>	<b>\$156,500</b>	

## Grants

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

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

**Grants (continued)**

General Ledger #	General Ledger Acct Description	Actuals 2013-2014	Amended Budget 2014-2015	Budget 2015-2016	Description
<b>01-390-5900</b>	GRANT - GENERAL EXPENSE	\$ -	\$ -	\$ 5,000	Natural Resource Grant Match with Park District
<b>01-390-5910</b>	GRANT - VOCA EXPENSE	80,555	80,084	80,084	VOCA Grant submission required expense & match
<b>01-390-5916</b>	GRANT - GREEN REGION	11,608	8,392	-	Com-Ed Grant for plantings
<b>01-390-5941</b>	GRANT - JAG	26,192	-	-	None anticipated
<b>01-390-5946</b>	GRANT-POLICE EQUIP EXPENSE	-	-	1,700	4 ballistic vest, 1 tactical vest
<b>01-390-5947</b>	GRANT-POLICE TOBACCO EXP	1,561	300	300	Cigarette purchases
<b>TOTAL GRANT EXPENSE</b>		<b>\$132,065</b>	<b>\$100,684</b>	<b>\$87,084</b>	

**Debt Service**

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

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
<b>01-400-6000</b>	PRINCIPAL	\$120,000	\$130,000	\$135,000	Series 2008 GO Debt Certificates
<b>01-400-6010</b>	INTEREST	64,501	59,496	53,871	Series 2008 GO Debt Certificates
<b>TOTAL DEBT EXPENSE</b>		<b>\$184,501</b>	<b>\$189,496</b>	<b>\$188,871</b>	

## Capital Outlay

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

General Ledger #	General Ledger Acct Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
01-520-7010	BUILDING	\$210,298	\$ -	\$ -	None anticipated
01-520-7011	BUILDING IMPROV - ADMIN	139,701	325,000	-	None anticipated
01-550-7011	BUILDING IMPROV - PW	-	-	185,000	Salt Dome
01-550-7020	EQUIPMENT - PW	59,834	150,000	82,000	F550 Dump Truck to replace the Chipper Truck-\$82,000 w/plow
01-550-7050	ROAD CONSTRUCTION	-	-	350,000	Resurfacing of Country Club Drive and Rob Roy Lane to Euclid - 2.5" milling of existing pavement and new asphalt, minor curb and storm sewer structure work Length of road 4,700 feet
01-550-7053	DRAINAGE IMPROVEMENTS	72,703	377,905	100,000	\$100,000 Drainage improvements as needed & required
01-560-7011	BUILDING IMPROVE - POLICE	296,844	6,422	-	None anticipated
01-560-7020	EQUIPMENT - POLICE	10,900	150,000	-	None anticipated
01-560-7040	VEHICLES - POLICE	82,774	85,000	85,000	2 new squad cars
<b>TOTAL CAPITAL EXPENSE</b>		<b>\$873,054</b>	<b>\$1,094,327</b>	<b>\$802,000</b>	

## Total General Fund Revenues, Expenditures and Net Income

The City of Prospect heights General Fund Net Income for FY2016-2017 is anticipated to have a net loss of \$156,088.

	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017
<b>Total General Fund Revenues</b>	\$9,422,591	\$ 9,329,151	\$ 8,848,453
<b>Total General Fund Expenses</b>	8,372,343	9,197,583	9,004,541
<b>Net Income</b>	\$ 1,050,248	\$131,568	\$(156,088)

# Section 6

---

## Special Revenue Funds

Motor Fuel Tax

Palatine/Milwaukee TIF

Tourism District

Development Fund

DEA Seizure

Solid Waste Fund



## Special Revenue Accounts

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

### Motor Fuel Tax Fund

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

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

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

The proposed budget for FY2016-2017 was developed assuming a slight increase in the per capita rate based upon the Illinois Municipal League projections versus the FY2015-2016 rate; a population of 16,256 (2010 Census); and no additional revenue from the High Growth Cities fund and \$74,177 from the Jobs Now Program. The decrease in revenues reflects these changes. According to the 2010 Census, the City's population decreased 825 people from 17,081 to 16,256.

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

## Motor Fuel Tax Fund (continued)

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

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Rate Per Capita</u>
<b>FY2008-2009</b>	\$ 455,237	26.65
<b>FY2009-2010</b>	\$ 440,184	25.77
<b>FY2010-2011</b>	\$ 515,403 *	25.83
<b>FY2011-2012</b>	\$ 478,725 *	24.89
<b>FY2012-2013</b>	\$ 461,274 *	23.81
<b>FY2013-2014</b>	\$ 537,316 *	23.93
<b>FY2014-2015</b>	\$ 489,925 *	25.69
<b>FY2015-2016 (B)</b>	\$ 419,405	25.80
<b>FY2015-2016 (B)</b>	\$ 421,030	25.90

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

<b>General Ledger #</b>	<b>General Ledger Account Description</b>	<b>Actuals 2014-2015</b>	<b>Amended Budget 2015-2016</b>	<b>Budget 2016-2017</b>	<b>Description</b>
<b>11-100-3200</b>	GRANT REVENUE	\$ 4,904	\$ -	\$ -	None anticipated
<b>11-100-3800</b>	INTEREST INCOME	94	60	60	Illinois Funds @.1%
<b>11-110-3120</b>	MOTOR FUEL TAX	484,928	200	200	\$25.9 per capita per Illinois Municipal League projections
	<b>Total Revenue</b>	<b>\$ 489,925</b>	<b>\$419,405</b>	<b>\$421,030</b>	
<b>11-300-5100</b>	PROFESSIONAL SERVICES	\$ 38,571	\$ 30,000	\$ 30,000	Engineering - SRTS and MFT audit
<b>11-300-5401</b>	SERVICE CHARGE - GF	241,300	246,100	264,000	Based upon actual hours of PW employees
<b>11-300-5632</b>	ICE CONTROL MAINTENANCE	45,760	50,000	50,000	Same as last year's budget
<b>11-300-7020</b>	EQUIPMENT	-	-	-	None-anticipated
<b>11-500-7051</b>	SIDEWALKS	9,748	350,000	300,000	Schoenbeck/Willow Sidewalk \$100,000 Illinois Transportation Enhancement Program, \$100,000 Schoenbeck sidewalk from Marion to Camp McDonald Phase I and Phase II, \$100,000 design work for new projects
	<b>Total Expenses</b>	<b>\$ 335,379</b>	<b>\$676,100</b>	<b>\$644,000</b>	
	<b>Total Motor Fuel Tax</b>	<b>\$154,546</b>	<b>\$(256,495)</b>	<b>\$(222,770)</b>	

### Palatine/Milwaukee TIF Fund

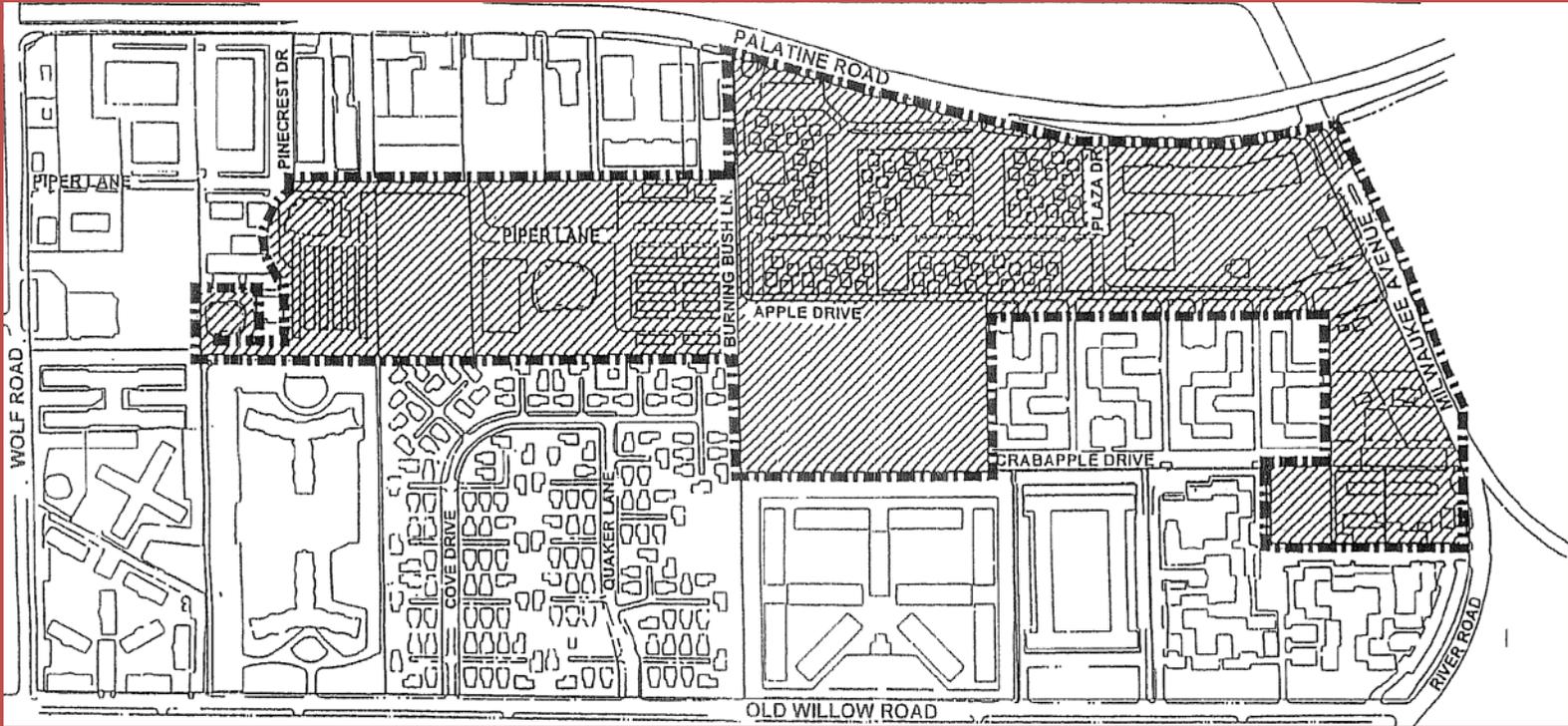
The Palatine/Milwaukee TIF district was established to develop property on the east side of the City. The TIF district is supported by the property tax revenue generated on the incremental increase in property values on land located within the TIF district.

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
12-100-3000	REAL ESTATE TAXES	\$437,087	392,994	\$ 392,994	Based upon prior year actuals
12-100-3211	DECO GRANT	100,000	-	-	None anticipated
12-100-3800	INTEREST INCOME	203	52	-	None anticipated
<b>Total Revenues</b>		\$537,291	\$393,046	\$392,994	
12-300-5100	PROFESSIONAL SERVICES	\$31,923	\$5,000	\$ -	Engineering reviews
12-300-5101	AUDIT	3,679	3,847	4,616	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds plus TIF Audit
12-300-5120	LEGAL SERVICES	-	10,000	-	None anticipated
12-300-5401	SERVICE CHARGE - GENERAL FUND	84,500	77,800	60,100	None anticipated
12-300-5430	BANK FEES	850	850	850	Bond bank charges
12-300-5560	TIF - REHAB/REPAIR EXIST BLDG	199,609	100,391	-	None anticipated
12-400-6000	PRINCIPAL	400,000	420,000	445,000	Palatine/Milwaukee TIF Load, Series 2004 Bonds
12-400-6010	INTEREST	84,485	66,885	46,305	Palatine/Milwaukee TIF Load, Series 2004 Bonds
12-500-7011	BUILDING IMPROVEMENTS	1,337,021	171,824	-	None anticipated
<b>Total Expenses</b>		\$2,142,068	\$856,597	\$556,871	
<b>Total Palatine/Milwaukee TIF Fund</b>		\$(1,604,777)	\$(463,551)	\$(163,877)	

# TIF Boundary Map

TIF PROJECT BOUNDARY



Milwaukee Avenue/Palatine Road

Tax Increment Financing Redevelopment Project and Plan

City of Prospect Heights

**Project Boundary**

**Section Areas**

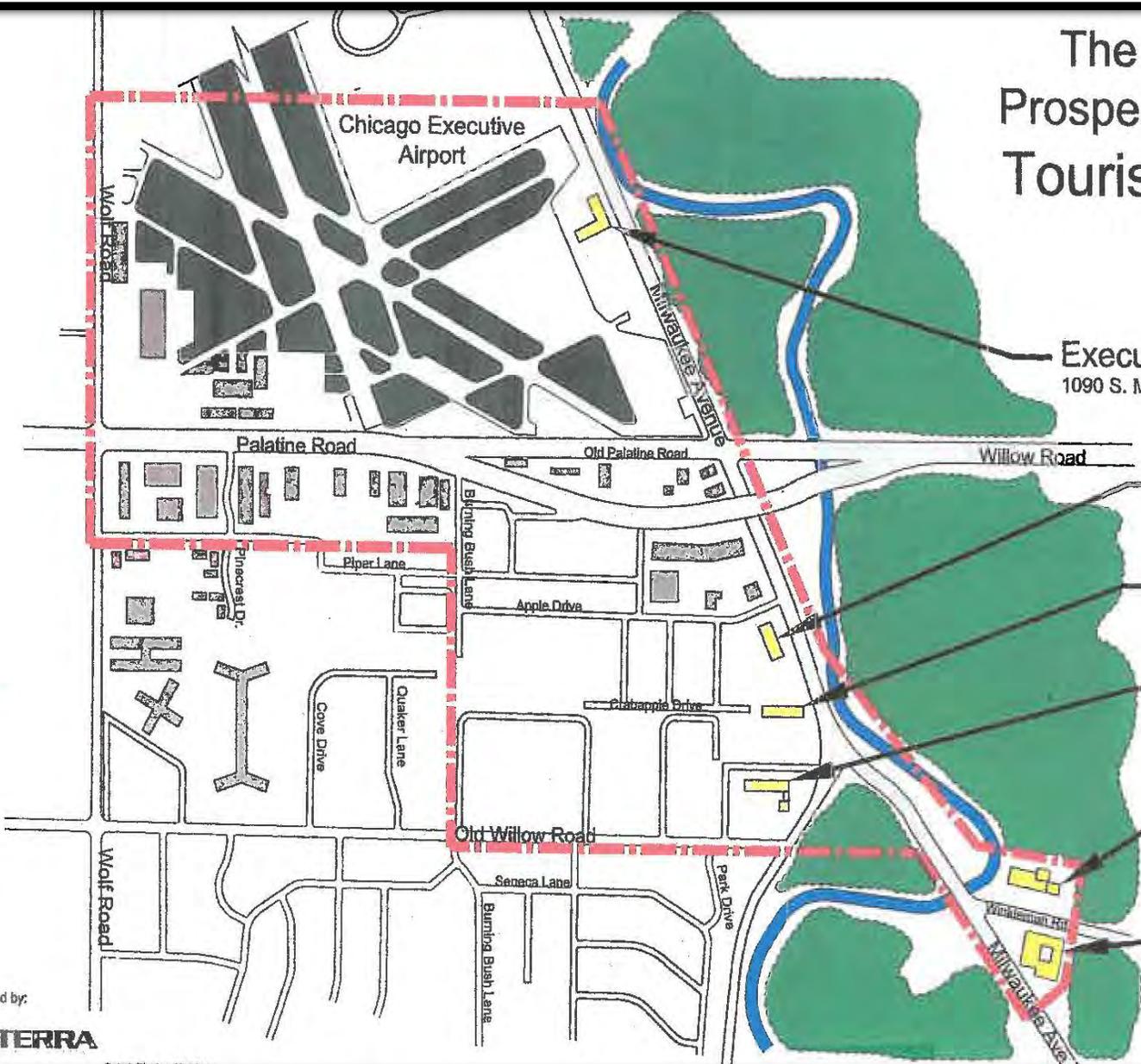
## Tourism District

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

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
13-100-3020	HOTEL TAXES	\$776,817	\$750,000	\$815,799	Treading 1.8% higher than prior year - City should see additional revenue due to new hotel estimated at \$25,000
13-100-3800	INTEREST INCOME	671	348	174	Reserve funds are being depleted interest lower than prior years
	Total Revenue	\$777,488	\$750,348	\$815,973	
13-300-5100	PROFESSIONAL SERVICES	\$3,106	\$10,000	\$-	Attorney or Engineering expenses
13-300-5101	AUDIT	1,324	1,350	1,620	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
13-300-5108	BEAUTIFICATION	41,157	510,000	101,877	Maintenance Expense
13-300-5310	MEMBERSHIPS	63,000	63,000	63,000	Chicago's North Shore CVB Membership Dues
13-300-5401	SERVICE CHARGE - GENERAL FUND	61,000	65,000	72,000	Based upon actual hours of PW employees/Admin
13-300-5920	GRANT - HOTELS	369,853	389,764	288,651	\$150,000 in reserve plus 42.5% of hotel tax revenue less service charge, admin expense and membership
13-600-8090	INTERFUND TRANSFER OUT	403,433	389,764	288,651	Police portion of \$150,000 in reserve plus 42.5% of hotel tax revenue less service charge, admin expense and membership
	Total Expenses	\$942,873	\$1,428,878	\$815,799	
	<b>Total Tourism District</b>	<b>\$(165,385)</b>	<b>\$(678,530)</b>	<b>\$174</b>	

# The City of Prospect Heights Tourism Zone



**Executive Plaza**  
1090 S. Milwaukee Ave.

**Comfort Inn**  
600 N. Milwaukee Ave.

**Super 8**  
540 N. Milwaukee Ave.

**Sherwood Inn**  
1246 S. River Road

**Hilton Hotel**  
2855 N. Milwaukee Ave.

**Crown Plaza**  
2875 N. Milwaukee Ave.

Prepared by:  
**TERRA**

Revised October 18, 2011

## **DEA Seizure Fund**

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

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

### **Permissible Uses:**

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

### **Impermissible Uses:**

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

## DEA SEIZURE FUND (continued)

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

The FY2016-2017 budget includes \$10,000 special patrol and enforcement and vehicle enhancements.

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
16-100-3551	POLICE REVENUE-TASK FORCE	\$255,723	\$ -	\$ -	None anticipated per law
16-100-3800	INTEREST INCOME	61	-	-	None anticipated
	Total Revenue	\$255,784	\$ -	\$ -	
16-300-4011	OVERTIME - SWORN OFFICERS	\$-	\$20,000	\$10,000	Special patrols and enforcement activities
16-300-5101	AUDIT	999	1,223	1,468	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
16-300-5310	MEMBERSHIP	1,099	4,000	4,000	LEADS On-Line - Investigative tool for pawned property. Donation National Law Enforcement Officers Memorial Fund.
16-300-5330	TRAINING	4,252	5,400	4,500	IACP conference in Chicago 2015, entire command staff
16-300-5710	OPERATING SUPPLIES	13,836	3,000	8,000	\$8,000 Education and Crime Prevention Materials and Supplies. \$5,000 25th Anniversary, \$9,000 update Hepatitis Immunization entire department.
16-300-5970	REFUNDS	-	-	-	None anticipated
16-300-7011	BUILDING IMPROVEMENTS	50,000	-	-	None anticipated
16-300-7020	EQUIPMENT	18,363	6,000	-	Training and fitness room furniture and equipment
16-300-7021	RADIO EQUIPMENT	948	-	-	Radios OK!
16-300-7022	POLICE EQUIPMENT	-	54,000	-	Speed Signs remaining amount paid for with DUI fund - Total \$15,000
16-500-7020	EQUIPMENT - CAPITAL	-	330,204	5,000	Electric ATV and cameras
	Total Expenses	\$89,496	\$423,827	\$32,968	
	<b>Total Seizure Fund</b>	\$166,288	\$(423,827)	\$(32,968)	

### Solid Waste Disposal Fund

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

### SWANCC FEES

	<u>FY2008/2009</u>	<u>FY2009/2010 To FY2015/16</u>	<u>FY2016/17</u>
Single Family	\$8.65	\$9.52	\$7.75
Townhome	\$5.21	\$5.73	\$5.25
Multi-Family	\$5.21	\$5.73	\$5.25
Commercial	\$5.00/yard	\$6.00/yard	\$6.00/yard

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
17-100-3355	SOLID WASTE FEES	\$ 562,104	\$567,100	\$460,000	Reduction in Rates to account for new SWANCC charges
17-100-3800	INTEREST INCOME	332	210	200	Based upon .1% Illinois Funds rate
	Total Revenues	\$ 562,436	\$567,310	\$460,200	
17-300-5100	PROFESSIONAL SERVICES	\$ 534	\$6,000	\$6,000	Attorney Fees
17-300-5101	AUDIT	1,038	1,193	1,432	Based upon allocation of 50% # of JE's, 25% fund balance & 25% # of funds
17-300-5401	SERVICE CHARGE - GENERAL FUND	100,000	122,000	123,000	Based upon actual hours of PW & Building & Zoning employees
17-300-5420	SWANCC CHARGES	399,029	380,500	367,373	7,137 tons @ \$46.15 per ton estimate per SWANCC plus true-up
	Total Expense	\$ 500,601	\$509,693	\$497,804	
	<b>Solid Waste Disposal Fund</b>	\$ 61,835	\$57,617	\$(37,604)	

# Section 7

---

## Special Revenue Funds (Continued)

SSA #1 – Prospect Heights Sanitary District

SSA #2 – Wolf Mandel Sanitary District

SSA #3 – Country Gardens Sanitary District

SSA #4 – Pinecrest Sanitary District

SSA #5 – Palatine/Willow Stormwater

SSA #6 – Water Main Construction

SSA #8 – Levy 37



## Special Service Areas (SSA)

### SSA #1

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
21-100-3000	REAL ESTATE TAXES	\$ 23,566	\$28,500	\$28,500	Based upon tax levy
21-100-3800	INTEREST INCOME	2	2	-	None anticipated
<b>Total Revenue</b>		<b>\$ 23,568</b>	<b>\$28,502</b>	<b>\$28,500</b>	
21-300-5100	PROFESSIONAL SERVICES	\$ -	\$ -	\$ -	None anticipated
21-300-5101	AUDIT	914	1,147	1,376	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
21-300-5401	SERVICE CHARGE - GENERAL FUND	36,000	33,500	25,700	Based upon actual hours of PW employees
21-300-5530	WORKERS COMPENSATION INSURANCE	470	650	715	Allocation of Department based upon classifications & sewer lines
21-500-7020	EQUIPMENT	-	5,000	-	None anticipated
<b>Total Expense</b>		<b>\$ 37,384</b>	<b>\$40,297</b>	<b>\$27,791</b>	
<b>Total SSA #1</b>		<b>\$ (13,816)</b>	<b>\$(11,795)</b>	<b>\$709</b>	

## Special Service Areas (SSA) (continued)

### SSA #2

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
22-100-3000	REAL ESTATE TAXES	\$40,017	\$45,500	\$45,500	Based upon tax levy
22-100-3800	INTEREST INCOME	3	8	-	None anticipated
<b>Total Income</b>		\$40,020	\$45,508	\$45,500	
22-300-5100	PROFESSIONAL SERVICES	\$-	\$-		None Anticipated
22-300-5101	AUDIT	898	1,181	1,417	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
22-300-5401	SERVICE CHARGE - GENERAL FUND	38,000	34,800	27,500	Based upon actual hours of PW employees
22-300-5530	WORKERS COMP INSURANCE	313	450	495	Allocation of Department based upon classifications & sewer lines
22-500-7020	EQUIPMENT	-	5,000	-	None anticipated
<b>Total Expenses</b>		\$39,211	\$41,431	\$29,412	
<b>Total SSA #2</b>		\$809	\$4,077	\$16,088	

**Special Service Areas (SSA) (continued)****SSA #3**

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
23-100-3000	REAL ESTATE TAXES	\$20,741	\$24,100	\$24,100	Based upon tax levy
23-100-3800	INTEREST INCOME	58	100	100	Based upon the Illinois Fund rate of .1%
23-100-3899	MISCELLANEOUS INCOME	-	21	-	
	<b>Total Revenue</b>	<b>\$20,800</b>	<b>\$24,221</b>	<b>\$24,200</b>	
23-300-5100	PROFESSIONAL SERVICES	\$-	\$-	\$-	None anticipated
23-300-5101	AUDIT	1,026	1,192	1,430	Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
23-300-5401	SERVICE CHARGE - GENERAL FUND	47,900	48,800	42,600	Based upon actual hours of PW employees
23-300-5530	WORKERS COMPENSATION INSURANCE	1,275	1,800	1,980	Allocation of Department based upon classifications & sewer lines
23-500-7020	EQUIPMENT	-	15,000	-	None anticipated
	<b>Total Expense</b>	<b>\$50,201</b>	<b>\$66,792</b>	<b>\$46,010</b>	
	<b>Total SSA #3</b>	<b>\$(29,401)</b>	<b>\$(42,571)</b>	<b>\$(21,810)</b>	

## Special Service Areas (SSA) (continued)

### SSA #4

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
24-100-3000	REAL ESTATE TAXES	\$31,585	\$40,000	\$42,800	Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
24-100-3800	INTEREST INCOME	3	10	-	Based upon actual hours of PW employees
	<b>Total Revenue</b>	\$31,588	\$40,010	\$42,800	Allocation of Department based upon classifications & sewer lines
24-300-5100	PROFESSIONAL SERVICES	\$-	\$-	\$-	None anticipated
24-300-5101	AUDIT	900	1,169	1,403	Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
24-300-5401	SERVICE CHARGE - GENERAL FUND	37,100	35,200	27,400	Based upon actual hours of PW employees
24-300-5530	WORKERS COMPENSATION INSURANCE	179	250	275	Allocation of Department based upon classifications & sewer lines
24-300-5972	PROPERTY TAX REFUND	745	-	-	None anticipated
24-500-7020	EQUIPMENT	-	5,000	-	None anticipated
	<b>Total Expenses</b>	\$38,924	\$41,619	\$29,078	
	<b>Total SSA #4</b>	\$(7,336)	\$(1,609)	\$13,722	

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

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
25-100-3000	REAL ESTATE TAXES	\$6,395	\$65,700	\$65,700	Based upon tax levy
25-100-3800	INTEREST INCOME	43	75	35	Based upon the Illinois funds rate of .1%
	<b>Total Revenue</b>	<b>\$6,438</b>	<b>\$65,775</b>	<b>\$65,735</b>	
25-300-5050	SYSTEM MAINTENANCE	\$1,694	\$5,000	\$5,000	Pump repairs
25-300-5100	PROFESSIONAL SERVICES	8,030	10,000	10,000	Engineering
25-300-5101	AUDIT	1,034	1,264	1,517	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
25-300-5401	SERVICE CHARGE - GENERAL FUND	51,200	48,700	44,500	Based upon actual hours of PW employees
25-300-5500	LIABILITY INSURANCE	577	1,058	1,164	Based upon building & equipment allocations
25-300-5972	PROPERTY TAX REFUND	-	-	-	
25-500-7020	EQUIPMENT	-	15,000	-	None anticipated
25-500-7053	DRAINAGE IMPROVEMENTS	-	140,000	-	None anticipated
	<b>Total Expenses</b>	<b>\$62,535</b>	<b>\$221,022</b>	<b>\$62,181</b>	
	<b>Total SSA #5</b>	<b>\$(56,097)</b>	<b>\$(155,247)</b>	<b>\$3,554</b>	

## Special Service Areas (SSA) (continued)

### SSA #8

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
28-100-3000	REAL ESTATE TAXES	\$ 208,860	\$212,200	\$212,200	Based upon tax levy
28-100-3800	INTEREST INCOME	156	110	55	None anticipated
<b>Total Revenue</b>		<b>\$ 209,016</b>	<b>\$212,310</b>	<b>\$212,255</b>	
28-300-5050	SYSTEM MAINTENANCE	\$ -	\$-	\$-	None anticipated
28-300-5100	PROFESSIONAL SERVICES	11,321	25,000	125,000	Pump servicing - Flood Control, IDNR Flood insurance study & FEMA Map revisions
28-300-5101	AUDIT	1,009	1,286	1,543	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
28-300-5401	SERVICE CHARGE - GENERAL FUND	85,800	82,100	74,000	Levee wall may be turned over to the City by January 1, 2015
28-300-5500	LIABILITY INSURANCE	-	-	462	Based upon building & equipment allocations
28-300-5972	PROPERTY TAX REFUND	1,140	-	-	None anticipated
28-300-7020	EQUIPMENT	-	7,000	1,000	Hand mower and weed whip
28-400-6000	PRINCIPAL	-	100,000	-	Repayment of notes payable will not occur this year due to engineering expenses
28-400-6010	INTEREST	6,750	4,500	2,250	Interest expense line of credit at 2.25%
28-500-7020	CAPITAL EXPENSE	43,558	45,000	-	None anticipated
<b>Total Expenses</b>		<b>\$ 149,579</b>	<b>\$264,886</b>	<b>\$204,255</b>	
<b>Total SSA #8</b>		<b>\$ 59,437</b>	<b>\$(52,576)</b>	<b>\$8,000</b>	

# Section 8

---

## Debt Service Funds

General Fund

Road Construction

SSA #6



## Debt Funds

### Road Construction Debt Fund

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
41-100-3000	REAL ESTATE TAXES	\$1,538,316	\$1,297,710	\$1,297,710	Amount per Tax Levy
41-100-3800	INTEREST INCOME	5	-	-	None anticipated
	<b>Total Revenue</b>	\$1,538,321	\$1,297,710	\$1,297,710	
41-300-5430	BANK FEES	\$1,250	\$2,700	\$2,700	\$450 per payment 6 payments
41-300-5101	AUDIT	-	1,500	3,000	Allocation based on # journal entries and fund balances
41-400-6000	PRINCIPAL	875,000	960,000	975,000	G.O. Debt Certificates Series 2011A, 2012, and 2013
41-400-6010	INTEREST	427,806	343,335	322,711	G.O. Debt Certificates Series 2011A, 2012, and 2013
	<b>Total Expenses</b>	\$1,304,056	\$1,307,535	\$1,303,411	
	<b>Road Construction Debt</b>	\$234,266	\$(9,825)	\$(5,701)	

### SSA #6 Debt Fund

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Actuals 2014-2015
46-100-3000	REAL ESTATE TAXES	\$252,570	\$238,503	\$238,503	Amount per Tax Levy
46-100-3800	INTEREST INCOME	21	50	50	Based upon the Illinois funds rate of .1%
	<b>Total Revenue</b>	\$252,592	\$238,553	\$238,553	
46-300-5430	BANK FEES	\$450	\$450	\$450	Bank maintenance fee
46-300-5101	AUDIT	-	-	2,000	Allocation based on # journal entries and fund balances
46-400-6000	PRINCIPAL	100,000	110,000	115,000	SSA #6 Bonds, Series 2009
46-400-6010	INTEREST	134,753	129,753	124,253	SSA #6 Bonds, Series 2009
	<b>Total Expenses</b>	\$235,203	\$240,203	\$241,703	
	<b>Total SSA #6 Debt</b>	\$ 5,375	\$(425)	\$(425)	

# Section 9

---

## Enterprise Funds

Water Fund

Parking Fund

Sanitary Sewer Fund



# Enterprise Funds

## Water Fund

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
51-100-3800	INTEREST INCOME	\$3,343	\$3,000	\$3,000	Return of .25%
51-100-3880	WATER SALES	273,199	291,310	261,450	41,500,000 gal @ \$6.30/1000 gal incr from \$6.13 to help pay for variable exp (2.78% increase). Rates study was \$6.51
51-100-3881	WATER DELIVERY CHARGE	285,168	304,110	325,430	1090 customers x \$24.88/month per water study
51-100-3882	WATER INFRASTRUCTURE RESERVE	129,848	136,163	142,964	1090 customers x \$10.93/month per water study
51-100-3883	WATER DEBT RETIREMENT CHARGE	79,412	77,510	81,000	1090 customers x \$6.19 (\$81,000/12 months/1,090 customers)
51-100-3884	WATER SANITARY SEWER	558	600	600	5 customers @\$10/month
51-100-3885	PENALTY	2,642	1,500	1,500	Flat
51-100-3899	MISCELLANEOUS INCOME	638	-	-	None Anticipated
	<b>Total Revenue</b>	<b>\$774,809</b>	<b>\$814,193</b>	<b>\$815,945</b>	
51-300-4000	WAGES	\$81,789	\$76,750	\$80,983	25% of Administrative Asst, 25% of Sr Financial Analyst, and salary increase for Water Operator
51-300-4010	OVERTIME	4,866	5,000	5,000	Water main breaks and emergency
51-300-4100	HEALTH INSURANCE	24,171	24,240	25,075	10% increase over last year
51-300-4110	LIFE INSURANCE	155	148	148	Flat
51-300-4200	SOCIAL SECURITY	4,947	5,069	5,331	Salary increases
51-300-4210	MEDICARE	1,157	1,185	1,247	Salary increases
51-300-4220	IMRF	10,789	10,347	11,482	IMRF 13.03% CY 2016 and 14.00% in CY2017
51-300-5000	BUILDING MAINTENANCE	18	3,000	3,000	Bulbs, general supplies, seal coating
51-300-5050	SYSTEM MAINTENANCE	16,679	48,800	33,800	Water main breaks: 12 breaks @\$1,200 per break, Buffalo box repairs 10 @\$200, value and pipe repairs \$15,000, meters \$7,500 and locator @\$3,000
51-300-5100	PROFESSIONAL SERVICES	13,675	25,000	25,000	Scada System and Leak Detection & GIS mapping
51-300-5101	AUDIT	3,668	3,191	3,829	Allocated based on journal entries, fund balances & # of funds
51-300-5200	POSTAGE	2,432	3,100	3,100	Postage changed to postcards new rate increase of \$0.01 or 3%
51-300-5221	PRINTING	424	-	450	Consumer Confidence Report posted on web and journal

**Water Fund Budget (continued)**

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
51-300-5222	LEGAL NOTICES	1,431	1,500	1,500	CCR Publishing
51-300-5310	MEMBERSHIPS	727	1,500	1,500	Sean, Jim, and Joe certification
51-300-5330	TRAINING	1,899	3,050	3,050	Water licensing training 3 employees \$1,950, IL American Water Works Training Seminar \$500, Confined space training \$600 for 3 employees
51-300-5401	SERVICE CHARGES	189,000	210,000	224,000	Based upon actual hours of PW employees
51-300-5410	UTILITIES	13,470	20,000	15,000	Adjusted for electric and gas savings
51-300-5412	WATER	218,818	291,310	220,000	Current trending usage and cost
51-300-5430	CREDIT CARD & BANK CHARGES	3,484	2,500	2,500	Loan Fees & Credit Card fees more residents using credit cards
51-300-5500	LIABILITY INSURANCE	26,816	27,548	30,303	Based upon building & equipment allocations
51-300-5501	INSURANCE DEDUCTIBLES	-	2,500	2,500	Same as last years budget
51-300-5530	WORKERS COMP INSURANCE	3,732	5,000	5,500	Allocation to Department based upon classification codes
51-300-5710	OPERATING SUPPLIES	6,817	10,000	10,000	Supplies
51-300-5750	CHEMICALS	453	2,000	2,000	Based upon current year actual projections
51-300-5820	PUBLICATIONS	1,544	2,500	2,500	Based upon last years actuals
51-300-5751	GASOLINE	635	-	-	None anticipated
51-300-7021	RADIO EQUIPMENT	601	800	800	Radio equipment for 1 truck
51-300-7025	SOFTWARE	-	-	-	None anticipated
51-400-6000	PRINCIPAL	-	-	55,000	Based upon actual GO Bond Certificate, Series 2010
51-400-6010	INTEREST	29,510	27,510	25,510	Based upon actual GO Bond Certificate, Series 2010
51-500-7020	EQUIPMENT	-	65,000	-	Scada system moved from professional service as more than \$50,000 and needs to be capitalized
51-600-8000	DEPRECIATION	117,833	118,000	128,000	
	<b>Total Water Fund Expenses</b>	<b>\$781,542</b>	<b>\$996,548</b>	<b>\$928,106</b>	
	<b>Water Fund Net Income (Loss)</b>	<b>\$(6,733)</b>	<b>\$(182,355)</b>	<b>\$(112,161)</b>	

## Parking Fund

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

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

Due to its low utilization rate, the Parking Fund continues to be unable to support its related costs of operation. The Parking Fund is budgeted at a deficit for the year of \$48,682. The City cannot continue to subsidize this operation or future large-scale maintenance; therefore, the City will continue working with both Metra regarding the future of the lot and with ComEd to contain any property lease increases.

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
52-100-3330	PARKING FEES	\$69,066	\$64,000	\$64,000	Flat
52-100-3800	INTEREST INCOME	4	7	-	
	<b>Total Revenues</b>	\$69,070	\$64,007	\$64,000	
52-300-5100	PROFESSIONAL SERVICES	\$(1)	\$5,000	\$10,200	Fire & safety inspections rehabilitation of 4-5 storm sewer structures
52-300-5101	AUDIT	1,297	1,736	2,083	Based upon allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
52-300-5401	SERVICE CHARGE – GEN FUND	29,000	26,000	27,000	Based upon actual hours of PW employees
52-300-5410	UTILITIES	10,591	11,000	11,000	Electric & gas
52-300-5500	LIABILITY INSURANCE	3,995	4,557	5,013	Metra Station
52-300-5501	INSURANCE DEDUCTIBLES	-	2,500	2,500	1 occurrence
52-300-5511	FACILITY RENT	17,646	18,563	20,000	New Lease amount
52-300-5632	ICE CONTROL MAINTENANCE	405	500	500	Salting of station
52-300-5710	OPERATING SUPPLIES	1,203	2,000	2,000	Bulbs, locks, cleaning supplies
52-300-5970	REFUNDS	280	250	250	Parking fee refunds
52-300-7020	EQUIPMENT	-	-	-	None anticipated
52-600-8000	DEPRECIATION	32,136	32,136	32,136	Based upon building and infrastructure values
	<b>Total Expenses</b>	\$96,553	\$104,242	\$112,682	
	<b>Total Parking Fund</b>	\$(27,483)	\$(40,235)	\$(48,682)	

## Sanitary Sewer Fund

The Sanitary Sewer Fund was established as an enterprise fund to track the revenues and expenses associated with operating and maintaining the former Old Town Sanitary Sewer District. The Old Town Sanitary District was created under the Sanitary District act of 1936. In 1967, the Old Town Sanitary District was formed in unincorporated Cook County to find a solution for outdated septic systems and well contamination serving most of Prospect Heights and small portions of Arlington Heights, Mount Prospect and Wheeling.

A three-member board of residents appointed by Cook County made decisions on behalf of the sanitary district. In recent years, however, reserve funding began to fall with the district running a yearly budget of around \$80,000. In November 2012, voters rejected a tax hike referendum by a 2-to-1 margin. Prospect Heights took over maintenance of the system and was reimbursed by Old Town for its services.

As part of House Bill 3273 that went into effect July 10, 2016, Old Town is required to close its office and liquidate its assets. After all remaining debts and obligations are paid, each of the towns will receive its share of remaining Old Town funds, according to the law.

The City is billing the sanitary sewer users the follow rates:

Dwelling units	\$6.50 per month per unit
Nonresidential units	\$8.00 per month per unit
Nonresidential buildings with 2 or more units	\$16.00 per month plus \$2.00 per month for each additional unit above 2 units

The rates were established in 1992. The City has included a rate study in the FY2016-17 budget to assist in the determination of rates which allow the City to properly collect funds to pay for operating and future capital improvement.

The Sanitary Sewer fund has a deficit of \$402,245 budgeted. The new rate structure will assist in reducing the deficit and providing reserves for future improvements.

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
53-100-3400	PERMIT FEES	\$ -	\$-	\$16,875	15 upgrade/new residential connections \$1,125
53-100-3760	CONNECTION FEES	-	183,130	20,000	Chase and Church
53-100-3884	SANITARY SEWER CHARGES	-	137,008	218,400	Maintaining current rate of \$6.50/month until rate study completed
	<b>Total Revenues</b>	\$ -	\$320,138	\$255,275	
53-300-4000	WAGES	\$ -	\$6,688	\$67,944	1 new main worker, 25% of Admin Asst & Sr Fin Analyst
53-300-4100	HEALTH INSURANCE	-	528	25,075	1 new main worker, 25% of Admin Asst & Sr Fin Analyst
53-300-4110	LIFE INSURANCE	-	13	49	1 new main worker, 25% of Admin Asst & Sr Fin Analyst
53-300-4200	SOCIAL SECURITY	-	415	4,213	1 new main worker, 25% of Admin Asst & Sr Fin Analyst
53-300-4210	MEDICARE	-	97	985	1 new main worker, 25% of Admin Asst & Sr Fin Analyst
53-300-4220	IMRF	-	846	9,073	IMRF 13.03% CY 2016 and 14.00% in CY2017
53-300-5050	SYSTEM MAINTENANCE	-	25,000	210,000	Manhole and Pipe lining - Cured in place lining of storm sewer 400' in rear year easement at 706 Camp McDonald to Elaine Circle
53-300-5100	PROFESSIONAL SERVICES	-	25,000	152,000	Rate Study \$50,000, New MWRD standard, compliance evaluation & report and flow monitoring \$70,000, consultant inspector \$17,000, engineering & GIS mapping \$15,000
53-300-5101	AUDIT	-	-	2,000	Allocation of 50% # of journal entries, 25% fund balance & 25% # of funds
53-300-5200	POSTAGE	-	3,540	3,920	2,800 units @ \$.35 for 4 mailings
53-300-5221	PRINTING	-	1,000	1,000	Postcards
53-300-5330	TRAINING	-	-	5,000	NASSCO training
53-300-5401	SERVICE CHARGES	-	-	175,000	Based upon actual hours of PW employees
53-300-5430	CREDIT CARD CHARGES	-	-	850	Based upon estimated revenue compared to water
53-300-5530	WORKER'S COMP INSURANCE	-	75	413	Allocation to Department based upon classification codes
53-300-5999	MISCELLANEOUS EXPENSE	-	141,000	-	One new maintenance worker and 25% of Admin Asst & Sr Financial Analyst
	<b>Total Expenses</b>	\$ -	\$204,202	\$657,520	
	<b>Total Sanitary Sewer Fund</b>	\$ -	\$115,936	\$(402,245)	

# Section 10

---

## Fiduciary Funds

Police Pension



## Police Pension Fund

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

Revenues:

- The City has budgeted for a contribution amount of \$703,544 based upon actuarial assumptions. Approximately 39.51% or \$278,000 of the City’s contribution will be funded by police pension property tax receipts, with the balance provided by other General Fund revenues.
- Police officers contribute 9.91% of their base wage and any longevity pay to their pension
- Interest earnings/investment returns were budgeted at a 5% rate of return.

Expenses

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

General Ledger #	General Ledger Account Description	Actuals 2014-2015	Amended Budget 2015-2016	Budget 2016-2017	Description
71-100-3000	REAL ESTATE TAXES	\$ 284,193	\$285,069	\$287,064	Adjusted for the CPI as of December 2015 is .7%
71-100-3800	INTEREST INCOME	233,118	243,574	-	Investment R of R utilized by Actuary was 6.2%, the City chose to not budget any revenue to be conservative
71-100-3801	NET APPRECIATION - FV INV	516,590	-	-	None anticipated - conservative
71-100-3860	CITY CONTRIBUTION	387,243	425,544	454,760	Per Actuarial Calculations plus 3%
71-100-3861	EMPLOYEE CONTRIBUTION	178,778	231,219	203,706	9.991% of Officer's Pensionable Salary
	<b>Total Revenues</b>	<b>\$ 1,599,922</b>	<b>\$1,185,406</b>	<b>\$945,530</b>	
71-300-4232	DISABILITY BENEFITS	\$ 98,833	\$80,307	\$81,897	Two officers plus cost of living increase
71-300-4233	PENSION PAYMENTS	186,315	222,317	294,168	Five officers additional officer retired plus cost of living incr
71-300-5100	PROFESSIONAL SERVICES	19,870	32,500	32,500	Auditor, Actuarial Report, Legal Service Conference
71-300-5107	INVESTMENT EXPENSE	25,503	22,647	25,000	Based upon last year actuals
71-300-5331	CONFERENCES	643	2,500	2,500	Officer's attendance at conferences
71-300-5440	STATE FILING FEE	2,062	2,500	2,500	Annual Report to Illinois Department of Insurance
71-300-5971	REFUNDS/TRANSFER CONTRIB	457,314	-	-	None anticipated - conservative
	<b>Total Expenses</b>	<b>\$ 790,540</b>	<b>\$362,771</b>	<b>\$438,565</b>	
	<b>Total Police Pension</b>	<b>\$1,216,342</b>	<b>\$724,665</b>	<b>\$812,047</b>	

# Section 11

## Capital Improvement Plan

Administration

Building & Zoning

Public Works

Public Safety



## **Capital Improvement Plan 2016/2017 – 2020/2021**

### **INTRODUCTION**

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

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

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

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

As presented, the FY2016/2017 – FY2020/2021 CIP attempts to balance the competing needs of maintaining existing facilities (i.e., what we have) with expanded and/or new facilities to meet present and future needs (i.e., what we need). This process also aids in distinguishing a “want” from a “need”.

### **WHAT ARE CAPITAL IMPROVEMENTS?**

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

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

## Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)

### WHAT ARE THE GENERAL CHARACTERISTICS OF CAPITAL IMPROVEMENTS?

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

Although some characteristics are common in communities, the actual types of projects included in the CIP vary from place to place. For example, The City of Prospect Heights has chosen to include major replacement projects. The City's Capital Asset Policy thresholds and useful lives are as follows.

	<u>Threshold</u>	<u>Useful Lives</u>
1. Roads	\$200,000	30 years
2. Bridges	\$200,000	50-100 years
3. Land	\$ 50,000	N/A
4. Buildings & Improvements	\$ 50,000	20-50 years
5. Machinery & Equipment	\$ 20,000	10-20 years
6. Office Equipment	\$ 10,000	5-10 years
7. Vehicles	\$ 10,000	6-10 years
8. Water & Sewer mains	\$ 10,000	40-50 years
9. Storm Sewers	\$ 10,000	35- years
10. Sidewalks/Paths	\$ 50,000	20 years
11. Reservoir	\$ 50,000	50 years
12. Street Lights	\$ 10,000	50 years

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

## **Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)**

### **WHAT IS CAPITAL IMPROVEMENT PLANNING?**

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

### **THE CAPITAL BUDGET YEAR**

The first year of scheduled projects is referred to as the “capital budget year” and includes those projects recommended to be funded in the upcoming fiscal year. The CIP does not in and of itself, raise money for capital projects. Instead, these projects will subsequently be included in the Fiscal Year 2016-2017 Budget submitted to the Council for their review and approval.

### **PROGRAMMING PERIOD**

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

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

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

### **CIP PROCESS**

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

## **Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)**

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

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

### **CIP REVENUE**

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

CIP funds typically invest their cash balances until needed by applicable projects. The short-term interest rates continue to be adversely influenced by the Federal Reserve Rate and offer minimal rates of return at this point.

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

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

Existing fund balances consisting of revenues carried over from the previous year combined with current year revenues will provide the necessary funding for the City's comprehensive FY 2016-17 Capital Improvement Program. It is important to remember that some of these funds are specifically earmarked by state statute (I.e. grant funds, MFT funds etc.), or other regulations that restrict their use to a defined purpose (i.e. bond proceeds).

### Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)

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

<b>ADMINISTRATION</b>				<b>Assigned Reserve Amount</b>						
<b>Project Type</b>	<b>Anticipated Replacement Cost</b>	<b>Priority Ranking</b>	<b>Expensed in FY2016-17</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>Total</b>	<b>Description</b>
Beginning Assigned Balance Administration				\$20,000	\$20,000	\$30,000	\$-	\$-		
Facility-City Hall Drainage Project (Council Chambers)	\$4,000	A							\$4,000	Patching
Facility-City Hall Parking Lot-repair/replace/brick pavers	\$118,000	A							\$139,701	Parking Lot & Brick Pavers
Facility-City Hall Improvements	\$50,000	A		\$25,000	\$10,000	\$10,000			\$65,000	Carpeting, painting, miscellaneous
Facility-Parking Lot Camp McDonald	\$200,000	A							\$325,000	
Expense - Hall Improvements			\$25,000	\$(25,000)	\$-	\$(40,000)			\$(204,701)	Carpeting, painting, miscellaneous
Expense - Foundation Repair									\$(4,000)	
Expense - Parking Lot									\$(325,000)	
<b>TOTAL</b>	<b>\$372,000</b>		<b>\$25,000</b>	<b>\$-</b>	<b>\$10,000</b>	<b>\$(30,000)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	

<b>BUILDING &amp; DEVELOPMENT</b>				<b>Assigned Reserve Amount</b>						
<b>Project Type</b>	<b>Anticipated Replacement Cost</b>	<b>Priority Ranking</b>	<b>Expensed in FY2016-17</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>Total</b>	<b>Description</b>
Beginning Assigned Balance				\$16,000	\$24,000	\$32,000	\$-	\$8,000		
Vehicle - Replacement/upgrade	\$32,000	B		\$8,000	\$8,000		\$8,000	\$8,000	\$48,000	New vehicle
Expense						\$(32,000)				New vehicle
<b>TOTAL</b>	<b>\$ 32,000</b>			<b>\$8,000</b>	<b>\$8,000</b>	<b>\$(32,000)</b>	<b>\$8,000</b>	<b>\$8,000</b>	<b>\$48,000</b>	

## Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)

PUBLIC WORKS				Assigned Reserve Amount							
Project Type	Anticipated Replacement Cost	Priority Ranking	Expensed in FY2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total	Description	
<b>Beginning Assigned Balance</b>				\$4,529,015	\$5,476,015	\$6,266,015	\$6,811,015	\$7,356,015	\$7,356,015		
Facility-Salt Dome	\$150,000	A	\$150,000	\$150,000					\$150,000		
Road Repair/Maintenance	\$15,000,000	C	\$400,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$8,700,000		
Sidewalks-Safe Routes to School	\$3,000,000	A	\$300,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,750,000	SRTS STP - Grants \$500,000 per year total - 50% grants	
Sidewalks - Replacement	\$400,000	A		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$173,000	\$400,000 for 20 years plus additional sidewalks	
Tree Program/EAB	\$200,000	B	\$16,000	\$48,000	\$20,000	\$21,390			\$200,000	EAB - Grants	
Utility-Storm Sewers (Replacement)	\$5,000,000	C		\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$875,000	\$5,000,000 over 40 years	
Utility-Drainage Improvements	\$3,750,000	A	\$100,000	\$100,000	\$250,000	\$250,000	\$250,000	\$250,000	\$2,300,000	\$3,750,000 over 15 years	
Utility-Street Lighting/Repair/Replacement	\$500,000	B		\$100,000	\$100,000				\$500,000		
Bridge Improvements	\$170,000				\$170,000				\$170,000		
Equipment	\$35,000	A							\$70,000	Levee 37 Pump Stations Shared/Lift Station Piper	
Equipment - Trackless Snow Machine	\$120,000	B		\$120,000					\$120,000		
Vehicle-John Deere End Loader	\$175,000	C							\$149,000		
Vehicle- Ford 1 ton chipper with plow & spreader	\$65,000	C	\$82,000	\$82,000					\$82,000		
Expensed Roads				\$(400,000)	\$(500,000)	\$(500,000)	\$(500,000)	\$(500,000)	\$(2,616,220)		
Expensed Sidewalks				\$(300,000)	\$(250,000)	\$(250,000)	\$(250,000)	\$(250,000)	\$(1,340,812)		
Expensed Drainage				\$(100,000)	\$(250,000)	\$(250,000)	\$(250,000)	\$(250,000)	\$(2,337,549)		
Expensed EAB				\$(16,000)	\$(45,000)	\$(21,390)			\$(192,570)		
Expensed Lighting					\$(100,000)	\$(100,000)	\$(100,000)	\$(100,000)	\$(400,000)		

**Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)**

				Assigned Reserve Amount							
	Anticipated Replacement Cost	Priority Ranking	Expensed in FY2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total	Description	
<b>PUBLIC WORKS (continued)</b>											
Expensed Equipment				\$(82,000)					\$(300,834)		
Expensed Salt Dome				\$(150,000)					\$(150,000)		
<b>TOTAL</b>	<b>\$27,500,000</b>		<b>\$1,048,000</b>	<b>\$947,000</b>	<b>\$790,000</b>	<b>\$545,000</b>	<b>\$545,000</b>	<b>\$545,000</b>	<b>\$7,901,015</b>		

<b>PUBLIC SAFETY</b>				Assigned Reserve Amount							
Project Type	Anticipated Replacement Cost	Priority Ranking	Expensed in FY2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total	Description	
Beginning Assigned Balance				\$293,928	\$300,728	\$307,528	\$314,328	\$321,128	\$321,128		
Technology - 2 computer servers (\$17,000 each)	\$34,000	A		\$6,800	\$6,800	\$6,800	\$6,800		\$34,000	2 new servers	
Vehicles - 2 per year replacements/with Light Bars	\$22,500	A	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$592,774	2 new vehicles /year	
Building Improvements: Parking Structure	\$200,000	A							\$200,000	Structure completed in FY2015-16	
Building Improvements: Repair/replace parking lot	\$115,000	A							\$115,000	Parking Lot completed in FY2015/16	
Expensed				\$(85,000)	\$(85,000)	\$(85,000)	\$(85,000)	\$(85,000)	\$(906,000)		
<b>TOTAL PUBLIC SAFETY</b>	<b>\$371,500</b>		<b>\$ 375,000</b>	<b>\$6,800</b>	<b>\$6,800</b>	<b>\$6,800</b>	<b>\$6,800</b>	<b>\$ 0.00</b>	<b>\$35,774</b>		

Capital Improvement Plan 2016/2017 – 2020/2021 (Continued)

Water Fund				Assigned Reserve Amount						
Project Type	Anticipated Replacement Cost	Priority Ranking	Expensed in FY2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total	Description
Beginning Assigned Balance				\$ 2,195,480	\$2,355,080	\$2,514,680	\$2,624,280	\$ 2,773,880		
Equipment-SCADA System	\$25,000	B							\$ 25,000	
Water Distribution System	\$10,094,650	C		\$ 134,600	\$ 134,600	\$ 134,600	\$ 134,600	\$ 134,600	\$ 2,358,480	Cost per Water Study over 75 years
Reservoir	\$1,200,000	C		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 540,000	Estimate per Engineer for 80 years - current age 30 years
Vehicle-Water Step Truck	\$40,000	C		\$ 10,000	\$ 10,000				\$ 40,000	
Expense - SCADA System									\$ (25,000)	
Expense - Truck						\$ (40,000)			\$ (40,000)	
<b>Water Fund</b>	<b>\$ 11,359,650</b>			<b>\$ 159,600</b>	<b>\$ 159,600</b>	<b>\$ 109,600</b>	<b>\$ 149,600</b>	<b>\$ 149,600</b>	<b>\$ 2,923,480</b>	

## Capital Project Descriptions

### Administration:

- Facility – City Hall Improvements
  - In order to maintain the City Hall pristine condition, routine maintenance is needed
  - The City Hall shall require new paint on walls as deemed necessary, especially in high traffic area.
    - Complete in FY2018-19
  - The City Hall main lobby carpeting has experienced wear and tear.
    - Purchase in FY2016-17

### Building & Development

- Vehicle Replacement Program
  - The Building and Development Department current has two vehicles
  - An additional Plan Review and Inspection employee is expected to be hired
  - The Department is planning on purchasing a new fuel efficient vehicle in
    - Purchase in FY2018-19

### Public Works

- Purchase a Salt Dome
  - The current salt dome is extremely undersized for the amount of salt the City normally need to stock.
  - The City current has salt piles which are unprotected from the elements
  - When available, the City is utilizing neighboring communities salt domes to house its salt
    - Purchase in FY2016-17
- Road Repair and Maintenance
  - The City has completed a major three year road resurfacing program. Roads shall require continuous maintenance. The City recommends a maintenance program to prevent more costly future repairs.
    - Continuous improvement – All fiscal years
- Sidewalks
  - The City proposes the installation of sidewalks along Willow Road for children to walk safely to school
  - A sidewalk replacement program is being proposed
  - The City owned sidewalks have been surveyed. There are five sections of sidewalks in the City's jurisdiction. These sections are: Elm Street, Piper/Apple Lane, Schoenbeck Road, Fairway Estates and Old Willow Road
  - There are 50 sidewalk squares that are categorized as mild to moderate. There are 47 sidewalk squares that are categorized as severe. The removal of an average of 5' x 5' concrete squares is estimated at \$113 each.

## Capital Project Descriptions (continued)

- Sidewalks (Continued)
  - The Safe Route to School program is anticipated to cost \$3,000,000. The City is planning to implement the program gradually as available grant funding is available
  - The sidewalk replacement program is estimated to cost \$20,000 per year and is also a continual program.
  - Continuous maintenance – all fiscal years
  
- Tree Replacement Program
  - The program includes removal and planting of trees.
  - Due to the emerald ash bore, the City has and will remove approximately 246 trees
    - The City is proposing expenditures for this program from \$16,000 to \$45,000 per year depending upon budget constraints.
  
- Storm Sewer Replacement
  - The City's storm sewers must be monitored constantly to ensure storm water flows correctly and quickly to prevent property damage and injury from flooding or ponding water. The underground utilities are affected by the freeze thaw cycle of our climate, as well as, tree root invasion.
    - Continuous maintenance – all fiscal years
  
- Drainage Improvements
  - The City has addressed major drainage areas in FY2014 to FY2016 and has spent \$1,237,549 for these improvements.
  - Additional improvements may be required to prevent flood damage.
    - Continuous maintenance – all fiscal years
  
- Street Lighting
  - The City plans to upgrade lighting fixtures as required
    - Improvements anticipated starting in FY2017-18 and continue to FY2020-12
  
- Vehicles/Equipment
  - Chipper with plow and spreader will be purchased in FY2016-17
  - Trackless Snow Machine is being proposed for FY2017-18 in the event current equipment does not provide adequate results
  
- Bridge Improvement
  - The City has its bridges inspected as required by the State
    - Improvements if required are budgeted in FY2017-18

## Capital Project Descriptions (continued)

### Police Department

- Computer Server
  - The City is currently operating with equipment that pre-dates the technology it purchased in FY2012-13. The Police Department is reserving funds in the CIP budget purchase servers
    - Server purchase in FY2019-20
  
- Vehicle Replacement Program
  - The Police Department has instituted a replacement program where 2 vehicles are replaced every year
    - Purchase 2 vehicles – FY2016/7 to FY2020/21

The City of Prospect Heights Capital Improvement Plan allows the City to plan for future purchases and infrastructure improvement. The City has a balance of \$13,145,309 in the General Fund. The City has assigned \$5,820,743 in reserves to provide for its capital needs through FY2017-18. After providing for all restricted, reserved, and assigned funds, the City still has \$1,360,917 in available funds which should allow the City to have enough funds to accomplish its Capital Improvement Plan through FY2019/20.

# Section 12

## Supplemental Information

Investment Policy

Fund Balance Policy

Glossary



## **Investment Policy**

WHEREAS, the Corporate Authorities believe it is necessary and expedient to adopt an Investment Policy for the City of Prospect Heights;

NOW, THEREFORE, be it resolved by the Mayor and Alderman of the City of Prospect Heights, Cook County, Illinois, as follows:

SECTION I: The following is adopted as the City of Prospect Heights Investment Policy:

### “GLOSSARY OF TERMS

A. AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered for securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position (take ownership of securities). In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Prospect Heights. It includes five (5) combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

**COUPON:**

1. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.
2. A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling securities from an inventory on hand.

**DEBENTURE:** A bond secured only by the general credit of the issuer. When the City issues bonds of this type they are termed general obligation (GO).

**DELIVERY VERSUS PAYMENT:** There are two (2) methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DISCOUNT:** The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g., U.S. Treasury bills, zero coupon bonds.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns. The purpose of diversification is to minimize risk from default or market fluctuations.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals; e.g., S & Ls, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A Federal agency that insures bank deposits, currently up to one hundred thousand dollars (\$100,000.00) per depositor.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations, and is regarded as a very short-term index for interest rates.

**FEDERAL HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to savings and loan associations. The Federal home loan banks play a role analogous to that played by the Federal Reserve banks vis-à-vis member commercial banks.

**Investment Policy (continued)**

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development, HUD. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven (7) members of the Federal Reserve Board and five (5) of the twelve (12) Federal Reserve bank presidents. The president of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit, money, and ultimately, interest rates.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven (7) member board of governors in Washington D.C., twelve (12) regional banks and about five thousand seven hundred (5,700) commercial banks that are members of the System.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-throughs is often used to describe Ginnie Maes.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money; that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SEC RULE 15C3-1: See definition of Uniform Net Capital Rule in this subsection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TREASURY BILLS:** A noninterest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three (3) months, six (6) months or one year. Although the security does not bear an interest rate, a return is determinable. Treasury bills are sold below face value and reach face value upon maturity.

**TREASURY BOND:** Long-term U.S. Treasury securities having initial maturities of more than ten (10) years.

**TREASURY NOTES:** Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten (10) years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of fifteen to one (15:1): also called "net capital rule" and "net capital ratio". Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.

1. **Income Yield:** Is obtained by dividing the current dollar income by the current market price for the security.
2. **Net Yield Or Yield To Maturity:** Is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Investment Policy (continued)**

- B. Policy: It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum investment security. This policy will meet the daily cash flow demands of the City and conform to all State and local statutes governing the investment of public funds.
- C. Scope: This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:
1. Funds:
    - a. Capital project funds
    - b. Debt service funds
    - c. Enterprise funds
    - d. General Fund
    - e. Retirement/pension funds
    - f. Special revenue funds
    - g. Trust and agency funds
- D. Prudence:
1. Investments: Investments shall be made with judgment and care, under circumstances then prevailing; which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
  2. Standard Of Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- E. Objective: The primary objectives, in priority order, of the City investment activities shall be:
1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
  2. Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements.
  3. Return on Investment: The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

- F. Delegation of Authority: Management responsibility for the investment program is hereby delegated jointly to the City Treasurer and Finance Director who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer and Finance Director. The City Treasurer and Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.
- G. Ethics and Conflicts Of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Administrator any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.
- H. Authorized Financial Dealers And Institutions:
1. The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State. These may include "primary" dealers or regional dealers that qualify under Securities And Exchange Commission Rule 15C3-1. No public deposit shall be made except in a qualified public depository as established by State laws.
  2. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: audited financial statements, proof of National Association of Security Dealers certification, proof of State registration.
  3. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer.
  4. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

**Investment Policy (continued)**

- I. Authorized And Suitable Investments: The City is empowered by statute to invest in the following types of securities:
1. Insured commercial banks
  2. Savings and loan institutions,
  3. Obligations of the U.S. Treasury and U.S. agencies,
  4. Insured credit union shares,
  5. Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations,
  6. Repurchase agreements,
  7. Short-term commercial paper rated within the three (3) highest classifications by at least two (2) standard rating services, and
  8. The Illinois Public Treasurer's Investment Pool.
- J. Collateralization:
1. Collateralization will be required on two (2) types of investments: certificates of deposit and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred ten percent (110%) of market value of principal and accrued interest.
  2. 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.
  3. The right of collateral substitution is granted.
- K. Safekeeping And Custody: All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery versus payment (DVP) basis. Securities will be held by a third party custodian approved by the treasurer and evidenced by safekeeping receipts.
- L. Diversification: 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.
- M. Maximum Maturities: 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.

- N. Internal Control: The city treasurer and finance director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.
- O. Performance Standards: The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the city's investment risk constraints and cash flow needs.
1. Market Yield (Benchmark): The city's investment strategy is passive. Given this strategy, the basis used by the treasurer to determine whether market yields are being achieved shall be the three (3) month U.S. treasury bill.
- P. Reporting Requirements: Quarterly written reports of investment activities by the public agency's chief financial officer for submission to the governing body and chief executive officer of the public agency. The reports shall include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date.
- Q. Investment Policy Adoption: The city's investment policy shall be adopted by resolution of the city's legislative authority. The policy shall be reviewed on an annual basis by the finance committee and any modifications made thereto must be approved by the city council.
- R. Authorized Advisors/Money Managers: This policy requires that investment advisors possess the following qualifications:
1. Minimum five (5) years' continuous service for municipal clients.
  2. Minimum three (3) years' municipal clients as current references.
  3. Minimum licensing and certification as accepted in the industry for the service engaged.
- S. Ethics and Conflicts Of Interest: Investment advisors and money managers must adhere to a minimum level of standards consistent with the Association For Investment Management And Research Code Of Ethics. If a more stringent regulation applies under an advisor's or manager's certification standard exist, then this policy dictates as the ethical benchmark.

## **FUND BALANCE POLICY**

### **PURPOSE**

The Governmental Accounting and Financial Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Policy shall be adopted by the City as of the fiscal year ended April 30, 2012. In the fund financial statements, governmental funds shall be composed of non-spendable, restricted, committed, assigned and unassigned amounts.

### **RATIONALE**

The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget.

The Fund Balance Policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for the City to be in a strong fiscal position that will allow for better position to weather negative economic trends.

### **POLICY STATEMENT**

The Fund Balance is the difference between assets and liabilities reported in a governmental fund. Fund balance measures the net current financial resources available to finance expenditures of future periods. Fund balance reporting will be in accordance with the recent authoritative pronouncements and may include the following categories:

- Non-spendable Fund Balance consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Special revenue funds are by definition restricted or committed for those specified purposes. Additionally, this would include but not limited to, bond capital project funds and debt service funds.
- Committed Fund Balance consists of funds that are set aside for a specific purpose by the City's highest level of decision making authority (City Council). The City Council commits fund balances by passing an ordinance or resolution. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the City Council. The City Council authorizes the City Administrator or Finance Director to determine the assigned fund balance(s) on an annual basis. Assigned funds cannot cause a deficit in unassigned fund balance.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

### Non-spendable and Restricted Funds

Non-spendable funds are those funds that cannot be spent because they are either:

- 1) Not in spendable form (e.g. inventories and prepaids)
- 2) Legally or contractually required to be maintained intact

It is the responsibility of the Finance Director to report all Non-spendable Funds appropriately in the City's Financial Statements.

Restricted funds are those funds that have constraints placed on their use either:

- 1) Externally by creditors, grantors, contributors, or laws or regulations or other governments
- 2) By law through constitutional provisions or enabling legislation.

It is the responsibility of the Finance Director to report all Restricted Funds appropriately in the City's Financial Statements.

### Classifying Fund Balance Amounts

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last; unless the City Council has provided otherwise in its commitment or assignment actions.

### Authority to Commit Funds

The City Council has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of an ordinance or resolution. The passage of an ordinance or resolution must take place prior to April 30th of the applicable fiscal year. If the actual amount of the commitment is not available by April 30th, the ordinance or resolution must state the process or formula necessary to calculate the actual amount as soon as information is available.

### Authority to Assign Funds

Upon passage of the Fund Balance Policy, direction is given to the City's Administrator or Finance Director to assign funds for specific purposes. Any funds set aside as Assigned Fund Balance must be reported to the City Council at their next regular meeting. The governing board has the authority to remove or change the assignment of the funds with a simple majority vote.

The City Council has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as Assigned Fund Balance requires a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment.

## **FUND BALANCE POLICY (continued)**

### Unassigned Fund Balance

Unassigned Fund Balance is the residual amount of Fund Balance in the General Fund. It represents the resources available for future spending. An appropriate level of Unassigned Fund Balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

Unassigned Fund Balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget revision by the City Council.

In the event of projected revenue shortfalls, it is the responsibility of the City Treasurer to report the projections to the City Council on a quarterly basis and shall be recorded in the minutes.

Any budget revision that will result in the Unassigned Fund Balance dropping below the minimum level will require the approval of 2/3 vote of the City Council

### TARGET FUND BALANCE POLICIES

#### Emergency Reserve

Maintaining an Emergency Reserve is a necessity for sound financial management and fiscal accountability. The City Council has the authority to establish an Emergency Reserve that will be a Committed Fund Balance. An Emergency Reserve is established for the purpose of providing funds for an urgent event that affects the health and safety residents (e.g. floods, fires, storm damage, etc.). The minimum level for the Emergency Reserve is 10% of General Fund expenditures. The recognition of an urgent event must be established by the City Council or their designee (e.g. City Administrator). If established by the governing board's designee, the specific urgent event must be reported to the City Council at their next meeting. A budget revision must be approved by the City Council. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the Emergency Reserve balance to the established minimum level within two years.

#### Operating Reserve

The city will maintain an additional General Fund "Operating Reserve" with an upper goal of an additional fifteen percent (15%) of the actual annual average General Fund revenues for the preceding five fiscal years. The Operating Reserve is intended to be a reserve for unexpected events whose impact exceeds \$500,000 such as failure of the State to remit revenues to the city, unexpected mandates, unexpected loss of State Shared revenues, continuance of critical city services due to unanticipated events, or to offset the unexpected loss of a significant funding source for the remainder of the fiscal year.

Any use of the Operating Reserve funds must be approved by the City Council and include a repayment plan that projects to restore the Operating Reserve to the fifteen percent (15%) level within two fiscal years following the fiscal year in which the event occurred.

#### Enterprise Water Operating Reserve

The City of Prospect Heights's Enterprise Operating Fund working capital will be maintained to provide the city with a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The cash reserve balance (working capital) goal for the water enterprise operating funds will be at least twenty-five percent (25%) of the actual operating expenditures for the fiscal year.

#### Enterprise Water Debt Stabilization Reserve

The city will maintain a “Debt Stabilization Fund” with an upper goal of approximately fifty percent (50%) of the maximum annual average debt service payment in the following five years. The Debt Stabilization Fund is intended to provide additional security to insure the city’s ability to meet debt service obligations. In the event the Debt Stabilization Fund is used, the city shall strive to restore the fund to the defined level within the next three fiscal years following the fiscal year in which the fund was used.

#### Asset Maintenance Fund

The city will maintain an additional “Asset Maintenance Fund” with an upper goal equal to two percent (2%) of the enterprise fund infrastructure assets. The Asset Maintenance Fund may be used to provide funding for the repair and maintenance of critical infrastructure. In the event the Asset Maintenance Fund is used, the city shall strive to restore the fund to the defined level within the next three fiscal years following the fiscal year in which the fund was used.

#### Solid Waste Operating Reserve

The working capital goal for the residential and commercial solid waste enterprise funds is twenty percent (20%) of the actual operating expenditures for the current fiscal year.

## GLOSSARY

The Annual Budget contains terminology unique to public finance and budgeting. This glossary was prepared to assist the reader of this document in the understanding of some of these terms.

- **Accountability** – The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.
- **Accrual Basis of Accounting** – A method of accounting that recognizes financial transactions when they occur regardless of the time the intake of cash.
- **Activity** – A specific service performed by a component unit of a governmental organization that is responsible for a function such as police is an activity of the public safety function.
- **Agency Fund** – A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.
- **Annexation** – The incorporation of land into an existing city with a resulting change in the boundaries of that city.
- **Appropriation** – A specific amount of money authorized by city Council to make expenditures and incur obligations for specific purposes, frequently used interchangeably with “expenditures.”
- **Assessed Value** – A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.
- **Asset Allocation** – The process to determine which types of investments are to be included in the composition of an overall investment portfolio.
- **Audit** – A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the City’s financial statements. The audit tests the City’s accounting system to determine whether the internal accounting controls are both available and being used.
- **Available Fund Balance** – The portion of fund balance collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- **Balance Sheet** – That portion of the City’s financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.
- **Basis of Accounting** – A term used when revenues, expenditures, expenses, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual or the accrual method.
- **Basis of Budgeting** – A method used to determine the recognition of Revenues and Expenditures for the budgetary process.
- **Bond** – A written promise to pay a specified sum of money, called face value or principal, at a specified date in the future, called maturity date, together with periodic interest at a specified rate.
- **Bond Refinancing** – The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.
- **Budget** – A comprehensive financial plan of operations which attempts to allocate limited revenues among competing expenditure requirements for a given time period.
- **Budgetary Control** – The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.
- **Budget Revision** – A change to the adopted budget as authorized by the City Council.
- **Business-type Activities** – One of two classes of activities reported on government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

- **Capital Budget** – The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.
- **Capital Equipment** – Equipment with a value in excess of \$20,000 and an expected life of more than five years such as automobiles, data processing equipment and furniture.
- **Capital Improvements** – Charges for the acquisition at the delivered price including transportation costs of equipment, land, buildings, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$25,000 and a useful life expectancy of at least two years.
- **Capital Improvements Projects** – An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and has a total cost in excess of \$100,000.
- **Capital Outlay** – Expenditures that result in the acquisition of or addition to fixed assets.
- **Capital Projects Fund** – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- **Cash Basis of Accounting** – Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.
- **Cash Management** – The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.
- **Charges for Service** – User charges for services provided by the City to those specifically benefiting from those services.
- **Commodities** – Items which, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which generally have limited value and characterized by rapid depreciation.
- **Comprehensive Plan** – An official public document adopted by a local government as a policy guide to decisions about the physical development of the community. It is general long-range physical plan.
- **Constituent** – One represented politically or in business; a voter; client.
- **Debt** – A financial obligation resulting from the borrowing of money. Debts of government include bonds, notes, and land contracts.
- **Debt Ratio** – Ratios that provide a measure of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They are used to evaluate the City's debt position over time and against its own standards and policies.
- **Debt Service** – The payment of principal and interest on borrowed funds.
- **Debt Service Funds** – Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- **Deficit** – The excess of expenditures or expenses over revenues or income during a single accounting period.
- **Department** – An organizational unit responsible for carrying out a major governmental function, such as Finance or Public Works.
- **Depreciation** – The decrease in value of physical assets due to use and the passage of time.
- **Encumbrance** – The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

## Glossary (continued)

- **Enterprise Fund** – Used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the costs of providing goods or services are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- **Equalized Assessed Value** – The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal one-third of its market value.
- **Equalization Factor** – A factor determined by the State which when applied to the counties' assessed value will cause all property to equal one-third of its market value.
- **Expenditures** – Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental transfers.
- **Expenses** – Charges incurred, whether paid or unpaid, resulting from the delivery of goods or services.
- **Façade** – The front, visible part, or most conspicuous component of a building. St. Charles has implemented a façade improvement program for its downtown businesses, in an effort to revitalize the area.
- **Fiduciary Funds** – Funds that are used when a government holds or manages financial resources in an agent or fiduciary capacity.
- **Fiscal Policies** – The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.
- **Fiscal Year (FY)** – Any consecutive twelve-month period designated as the budget year. The City's budget year begins May 1, and ends April 30 of the following calendar year.
- **Fixed Assets** – Assets of long-term character which are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, furniture, and other equipment.
- **Franchise Fee** – A fee paid by public service businesses for use of City streets, alleys and property in providing their services to the citizens of a community. Services requiring franchises include telephone, natural gas and cable television.
- **Full Time Equivalent (FTE)** – A standardized unit of measure used to determine the equivalent number of full-time employees. It is calculated by dividing the total hours actually worked or planned for a job class (regular and overtime) by a standard number of hours a full-time employee would work for the job class.
- **Fund** – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, residual equities, revenues, and expenditures, or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.
- **Fund Balance** – The fund equity of governmental funds. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues.

- **Generally Accepted Accounting Principles** – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).
- **General Fund** – The general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **General Obligation Bonds** – Those bonds that are backed by the “full faith and credit” of a municipality. The taxing power of local government is pledged in the covenant of one of these bond issues.
- **Goal** – A long-range desirable development attained by objectives designed to implement a strategy.
- **Governmental Fund Types** – Funds that account for a government’s “governmental-type” activities. These funds are the general fund, special revenue funds, debt services funds and capital project funds.
- **Grant** – Contributions of gifts of cash or other assets from another government to be used for a specified purpose, activity, or facility. Grants may be classified as either categorical or block, depending on the amount of discretion allowed the grantee.
- **Improvements** – The necessary changes to a parcel(s) of land that is required for its future development. These often include modifications of the roadways, water and sewer mains, and the parcels capacity for electricity.
- **IMRF** – Illinois Municipal Retirement Fund. Retirement system established for municipal employees of the state.
- **Income** – A term used in proprietary fund type accounting to represent: (1) revenues; or (2) the excess of revenues over expenses.
- **Infrastructure** – The permanent foundation or essential elements of a municipality. Roadways are a component of a local government’s infrastructure.
- **Interfund Transfer** – Payment from one fund to another fund primarily for work or services provided.
- **Intergovernmental Revenues** – Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.
- **Investment** – The placing of money, capital, or other resources to gain in a profit, as in interest.
- **LEADS** – Law Enforcement Agency Data System in a system used as a nationwide tool to track criminal activity, such as warrants for arrest and missing persons.
- **Levy** – (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments or service charges imposed by the City.
- **Liability** – Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.
- **Line Item** – A specific item or group of similar items defined by detail in a unique account in the financial records. Revenue and expenditure justifications are reviewed, anticipated and appropriated at this level.
- **Liquidity** – The amount of cash and easily sold securities a local government has at one time.
- **Millage** – The tax rate on real property based on \$1.00 per \$1,000 of assessed property value.
- **Mobile Data Terminals (MDT)** – Mobile Data Terminals are terminals that will allow police officers instant access from the squad cars to the National Crime Information Center. This will allow the officer to immediately check on stolen property or check a warrant.

## **Glossary (continued)**

- **Modified Accrual Accounting** – A basis of accounting in which revenues are recorded when collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, and expenditures are recognized when the related liability is incurred. Governmental fund types utilize this basis of accounting.
- **MFT** – Motor Fuel Tax is a tax on fuel consumption. Distribution of the tax collected is based on population. There are also state-funded programs for street resurfacing, curb and gutter work and storm sewer work.
- **Net Income** – Proprietary fund excess of operating revenues, non-operating revenues, and operating transfers-in over operating expenses, non-operating expenses, and operating transfers-out.
- **Non-Operating Expenditures** – The costs of government services which are not directly attributable to a specific City program or operation. Examples include debt obligations and contributions to Human Service organizations.
- **Non-Home Rule Municipality**
- **Objective** – Something to be accomplished in specific, well-defined, and measurable terms and is achievable within a specific time frame.
- **Operating Budget** – A financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.
- **Portfolio** – A compilation of investments held by an entity.
- **Privatization** – The transfer of services from the public sector to the private sector in an attempt to save tax dollars. This has been done to varying degrees and levels of success across the country.
- **Private Sector** – Business owned and operated by private individuals, as opposed to government-owned operations.
- **Public Sector** – The policies and procedures as conducted by local governments, states and the federal government. The majority of these activities are financed through tax levies.
- **Program** – An organized set of related work activities within a Bureau of a department, which are directed toward a common purpose or goal and represent a well-defined use of City resources. Each City department usually is responsible for a number of related service programs.
- **Property Tax** – A tax levied on the assessed value of real property (also known as “ad valorem taxes”).
- **Proprietary Fund Types** – The classification used to account for the City’s ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds.) All assets, liabilities, equities, revenues, expenses and transfers relating to the government’s business and quasi-business activities are accounted for through proprietary funds. The Generally Accepted Accounting Principles used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the Governmental Accounting Standards Board has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.
- **Referendum** – The submission of a proposed public measure or law, which has been passed upon by legislature or convention, to a vote of the people for ratification or rejection.
- **Revenue Bonds** – Bonds whose principal and interest are payable exclusively from earnings of a specific, defined activity or facility which can be public, quasi-public, or private.
- **Retained Earnings** – An equity account reflecting the accumulated earnings of the City’s proprietary funds.

- **Revenues** – Funds that the government receives as income. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.
- **SCADA** – Supervisory Control and Data Acquisition. Computer controlled system operation and information in regards to the City’s electrical and water system.
- **Special Revenue Funds** – Funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- **Tax Levy** – The total amount to be raised by general property taxes for operating and debt service purposes.
- **Tax Rate** – The amount of tax levied for each \$100 of assessed valuation.
- **Tax Increment Finance District (TIF)** – A special district established to revitalize a degenerating parcel of land/building funded through incremental property taxes.
- **Trust and Agency Funds** – Funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.
- **User Fees** – A fee charged for receipt of public service to the party who benefits from the service.
- **Yield** – The yield on a fixed-income security is its current rate until maturity, based on its face value, its current market price and any interest coupons.