

# **VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**

## **BUDGET-IN-BRIEF 2022**

Beginning January 1, 2022

# **ADOPTED**



**VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS  
33 S. Arlington Heights Road  
Arlington Heights, Illinois 60005-1499**

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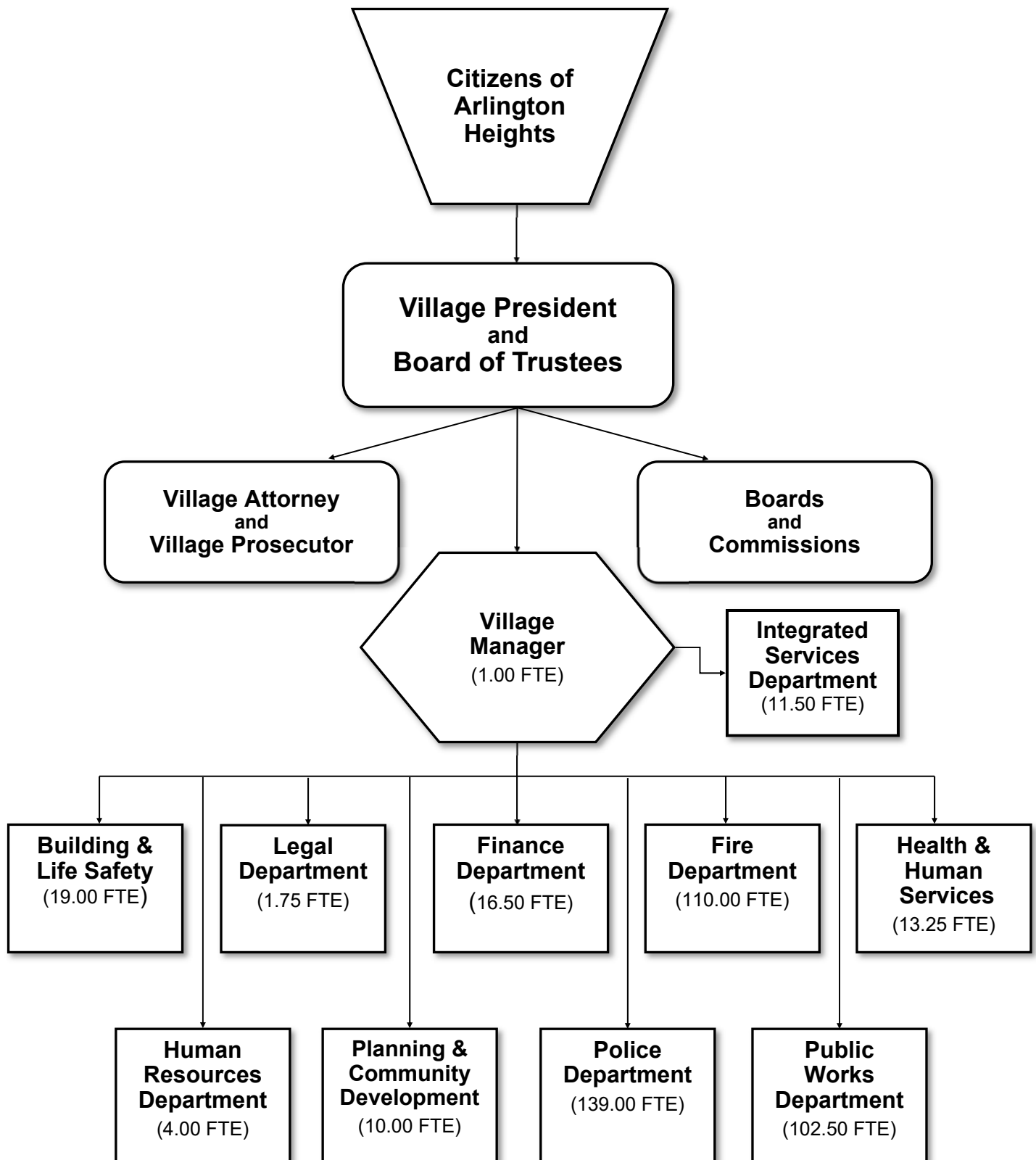
## VILLAGE ADMINISTRATION

Village Manager	Randall R. Recklaus
Assistant Village Manager	Diana Mikula
Prosecuting Attorney	Ernest R. Blomquist
Village Attorney	Hart M. Passman
Village Clerk	Becky Hume
Finance Director/Treasurer	Thomas F. Kuehne
Director of Human Resources	Mary Rath
Chief of Police	Nicholas Pecora
Fire Chief	Andrew Larson
Director of Planning & Community Development	Charles Witherington-Perkins
Director of Building Services	Jorge Torres
Director of Health and Human Services	James McCalister
Public Works Director	Cris Papierniak
Finance Director/Treasurer	Thomas F. Kuehne
Assistant Finance Director	Mary Juarez
Accountant/Budget Coordinator	Kevin Baumgartner

# **VILLAGE OF ARLINGTON HEIGHTS**

**(428.5 FTE)**

## **ORGANIZATION STRUCTURE**



## **2022-2023 Strategic Priorities**

These priorities and sub-priorities reflect the views of the Village Board identified at the July 12, 2021 Village Board goal setting session:

1. Facilitate a Balanced and Continuous Community and Organizational Post-COVID-19 Recovery
2. Expand Efforts to Embrace Diversity, Equity, and Inclusion within the Community and the Village Government
3. Work to Ensure the Redevelopment of Arlington Park Meets Community Standards and Provides a One of a Kind Regional Destination Worthy of the Property's Legacy
4. Identify, Explore, and Implement Sustainable and Green Initiatives
5. Ensure Revenue Sources are applied rationally across sectors while Monitoring the Overall Community Tax Burden
6. Ensure the Organization has the Resources and Training to Maintain Focus on Consistent High-Quality Core Services and Infrastructure
7. Seek Opportunities to make the Community more Livable by increasing Pedestrian and Bicycle Options for Residents
8. Improve Communications with Residents and Businesses
9. Seek and Maintain Attainable Housing while Continuing to Review Affordable Housing Strategies



## Village of Arlington Heights

33 S. Arlington Heights Road  
Arlington Heights, IL 60005-1499  
(847-368-5000)  
Website: [www.vah.com](http://www.vah.com)

October 29, 2021

Dear President Hayes and Trustees:

I am hereby transmitting the Budget for calendar year 2022.

Over the past two years, the Village undertook a number of measures to respond to the Covid-19 pandemic and resulting economic downturn. These included holding open various vacant positions, the deferral of tax and fee payments, and the use of local and federal funds to help residents and businesses in need. Business processes and service models had to be rethought given the conditions, resulting in a number of innovations such as increased provision of online services and even Arlington Alfresco.

While some effects of the pandemic still linger, throughout 2021, the economy improved at a faster pace than expected, resulting in significant growth in a number of the Village's key revenue sources such as Sales, Home-rule Sales, and Income tax receipts. However, other revenues such as Hotel taxes, Parking fee revenues, and Interest Income have continued to lag behind prior year results. During 2021 the Village also received half of its portion of the federal American Rescue Plan Act (ARPA) grant funds. The total grant, after next year's final payment is received, will amount to \$6.78 million. The intent of this funding through the federal government was to provide additional economic stimulus, and to help state and local governments recover more quickly from the adverse financial effects of the Pandemic.

The Village has continued to adapt its COVID response as a better understanding of the Pandemic has developed, and vaccination rates have improved. However, variants of the coronavirus represent an ongoing threat to the country's return to normalcy. Even with these challenges, during 2021 Staff continued to work on the Village's 2020-2021 Business Plan.

The Village-wide Diversity Initiative continued as the Diversity, Equity, and Inclusion (DEI) audit and planning process was completed, and an internal DEI workgroup was created. As part of this program, Departments will look for ongoing ways to incorporate DEI into their workplans. The Village has begun working with other government entities to implement more meaningful ways to conduct outreach with resident groups that have not traditionally been engaged in public processes, to ensure their voices are heard and included in decision making.

The Village also completed its analysis of competing Enterprise Resource Planning (ERP) software proposals, which will result in a complete overhaul of the Village's operating software. In partnership with the ERP Consultant, Plante Moran, Tyler was chosen as the Village's next software provider. This software will include the base internal service activities such as accounting, budgeting, payroll, purchasing, and cash receipts. It will also provide centralized capabilities for Human Resources, Building and Planning approval processes, and coordination with the Village's website. The Village's current ERP system was installed in 1996. Although it has been updated over the years, newer software providers offer much more proven capabilities that the Village needs, in order to offer the efficiency and online services that are now expected by our residents. The implementation of the

new ERP software will require extensive efforts by all Village Departments. The software transition will commence in January 2022 and is expected to take 26 months to complete.

Other key 2021 projects included the approval of the South Arlington Heights Corridor TIF, targeted customer service communication improvements in the Building Department, the accreditation of the Senior Center by the National Council on Aging, and the approval of the spending plan for the ARPA grant funds. The purchase of the Digital Adjudication Compliance Reporting Analytics (DACRA) processing system, which expanded the type of code violations that can be included in this in-house administrative adjudication court system, was also fully implemented during the year. This new system has resulted in 9,985 total local citations issued, with a total of \$357,000 in assessed fines. Of that amount, \$126,000 of fines were assessed as a direct result of the expansion of the administrative adjudication system program for use by the Building & Life Safety and Health & Human Service Departments.

This year also saw the closing and contract purchase of the Arlington International Racecourse property. This institution has been an important part of our local economy and community identity for 94 years. Over the second half of 2021, the Village has begun discussions with both Churchill Downs and the contract purchaser, the Chicago Bears, about the future of the site. The end of this year and coming year will likely be dominated by these discussions, as well as the analysis of the impacts of any potential development. The exact budgetary and operational impact of the various studies and research needed for this effort are unknown at this time. The situation requires the Village to once again be flexible and adaptable to respond to this unique opportunity. However, if there is one thing the past two years have shown us, is that the Village team has it in them to work differently, when the circumstances call for it.

### **Overview of 2022 Budget Plan**

Through the Village's proactive operating decisions that reduced expenditures in 2020, the improved economy in 2021, and the federal ARPA grant assistance, the Village finds itself in a solid financial position going into 2022. It is anticipated that 2022 will still be somewhat of a transition year, as commuter services ramp up when more people return to on-site work, and the travel and entertainment industries establish more normal operations. Economic starts and stops can be expected over the next year, as businesses rebuild their inventories and hire needed staff, inflationary forces push up prices and wages, and the Federal Reserve tapers its purchases of Treasury securities and mortgage-backed securities. By pumping less liquidity into the market, long-term interest rates will likely increase.

The 2022 Budget also maintains the Village's multi-year infrastructure plan through the use of new State motor fuel tax receipts for our street program, and the use of a portion of the 2020 bond issue proceeds and ARPA grant monies toward the Village's water main replacement program. The storm water control program will include the Area C – Burr Oak/Burning Tree/Berkley/Hintz storm water project. By continuing these types of capital programs at high levels, the Village has been able to maintain its ongoing, robust infrastructure improvement program.

The 2022 Budget maintains our existing day to day operations, which provide for a full range of general government services. In July 2021, the Village Board completed its biennial goal setting session, culminating in the development of the Board's 2022-2023 Strategic Priorities as shown on page iii of this budget. Staff is finalizing a two-year Business Plan based on the Board's priorities. The Village's Business Plan includes continued efforts to streamline business processes and improve internal and external communication methods. One of the key efforts in this area is the multi-year implementation of the new Enterprise Resource Planning (ERP) software system. The

plan also calls for the management of the racetrack redevelopment project, and the expansion of Village efforts to embrace diversity, equity, and inclusion within the community. A number of other projects will also be tackled during 2022

In June 2021 the Village Board reviewed and approved changes to year-two of the detailed five-year Capital Improvement Plan (CIP). This plan is completed on a biennial basis with special emphasis on the first two years of the plan. The second year of the CIP as revised has been incorporated into the 2022 Budget. The Village continues to prudently plan for the future by investing in our infrastructure in order to maintain safe, reliable roads, water mains and sewer lines. Key multi-year infrastructure projects that are part of the 2022 Budget include the following:

- A street resurfacing and street rehabilitation program totaling over \$11.5 million. In 2022, the Village will receive the third and final \$1.65 million grant for street rehabilitation work through the State's capital grant program. In addition, the State increased the gas tax in 2020, and the Village's Motor Fuel Tax (MFT) allotment has increased from about \$1.9 million in 2018 to an estimated \$3 million per year in 2022.
- The fifth year of a multi-year plan to implement storm water control projects throughout the Village. In 2018 the Village sold a \$10 million bond issue to fund these projects. In addition, in 2019 the Metropolitan Water Reclamation District (MWRD) approved a \$1.8 million grant for the Downtown area's Campbell/Sigwalt sewer project, and in 2021 the Illinois Department of Commerce & Economic Opportunity (DCEO) approved a \$1 million grant for the Area C – Burr Oak/Burning Tree/Berkley/Hintz Road project. The 2022 Budget includes \$3.7 million in storm water control projects for the coming year.
- In 2020 the Village sold a bond issue that generated \$13.7 million in proceeds. \$9 million of the bond proceeds was allocated to the Water & Sewer Fund as part of the Village's plan to maintain a water main replacement program of at least \$4 million, or the industry standard of 1% of our water main system on an annual basis. The 2022 Budget includes \$4.1 million for the annual watermain replacement program.

The Village develops its operating and capital budget based on a conservative forecast of revenues, and does not consider new revenues from growth unless the development is completed and has provided a historical basis for a new projection. A normal operating expense cycle is anticipated and includes expenditure increase assumptions. The Village also has access to its reserves, which help provide a source of funds for unanticipated but necessary expenses, such as costs related to storms or other emergencies, to cover extraordinary self-insurance losses, and to provide a buffer during economic downturns. The presence of the reserves also helps ensure our excellent bond rating, and lower interest charges associated with that rating. The Village's minimum fund balance policy is to maintain a year-end balance of at least 25% of General Fund expenditures. Being near or above this level is even more important for Arlington Heights due to our reliance on sales and income tax receipts which are subject to economic cycles. The 2022 Budget will allow the Village to maintain a fund balance in excess of 25% of a typical year's General Fund expenditures.

The Village of Arlington Heights' mission is to provide high quality services to the community in a fiscally responsible manner. These services are provided to enhance the safety, health and general welfare of the citizens and businesses within the community. The Village's service oriented philosophy continues to balance various community needs with municipal resources through a planned approach to the governance process. As a result of conservative budgeting practices, the Village is fortunate to remain in a strong financial position.



## 2021 Property Tax Levy Payable in 2022

One of the Village's key goals has been to keep any property tax increase as low as possible. A second key Village goal is to ensure that sufficient funds are available to provide a consistent, high-level of Village services each and every year. For the third consecutive year, the total 2021 property tax levy collected in 2022 reflects a 0% increase over the prior year extended levy. For the most part, this was enabled by the quick economic recovery which increased Village operating revenues.

The first step in developing the Village's property tax levy is entering the known debt service payment requirements and the annual required contributions for the Police and Fire Pension levies. Due to positive interest earnings in 2020, the Village actuary's calculation of the annual required contribution for the Police and Fire Pension funds showed a decrease in the required 2021 tax levies for these funds. However, the Village was able to maintain prior tax levy levels, which will help in the future when the stock market inevitably changes its course. The Capital Improvement levy is based primarily on the street program needs identified through the five-year capital improvement plan. Last year, the capital levy was decreased by \$1.1 million in order to help balance-out the effects of the Pandemic on the General Fund. Over the next few years, the Village will need to continue to increase the capital levy to ensure that there is a sustainable level of ongoing funding for the annual street program. The FICA and IMRF levies are derived from the detailed wage sheets prepared for 2022. Once all revenue projections for the General Fund are completed, the remaining gap between the General Fund's projected revenues and expenditures is divided equally between the Fire and Police Protection levies. Due to the large increase in operating revenues compared to the prior year, the Village is able to show a decrease in these levies and a large increase in the Capital levy to help offset a large portion of the prior year's action.

The total 2021 property tax levy including the Library's levy increases by 0% and is summarized as follows:

	<u>Extended 2020 Levy</u>	<u>2021 Levy For 2022</u>	<u>Dollar Change</u>	<u>% Change</u>
Village				
Debt Service	\$ 6,563,542	\$ 6,498,700	\$ -64,842	-.99%
Police Pension	\$ 4,113,730	\$ 4,114,000	\$ 270	.01%
Fire Pension	\$ 4,962,130	\$ 4,962,000	\$ -130	0%
Capital Improvement	\$ 4,444,000	\$ 5,250,000	\$ 806,000	18.14%
FICA	\$ 1,517,020	\$ 1,534,400	\$ 17,380	1.15%
IMRF	\$ 1,854,158	\$ 1,708,500	\$ -145,390	-7.86%
Police Protection	\$ 7,105,754	\$ 6,799,200	\$ -306,554	-4.31%
Fire Protection	\$ 7,105,754	\$ 6,799,200	\$ -306,554	-4.31%
Total Estimated Village Levy	\$37,666,088	\$37,666,000	\$ -88	0%
Library	\$14,680,922	\$14,680,922	\$ 0	0%
Grand Total Tax Levy	\$52,347,010	\$52,346,922	\$ -88	0%

## Budget Summary – All Funds

The budget is comprised of operating, capital, internal service and other miscellaneous funds. The Village's operating funds account for the day-to-day expenditures for a variety of services. Among these are police and fire protection, water and sewer services, public parking, building, code review, planning, health, general services, public infrastructure maintenance and many other services.

These basic Village services are funded through user fees, taxes, licenses, permits and other charges. The total amount budgeted for the Village's capital needs can vary from year to year depending on the timing and implementation of replacement and construction schedules. Capital expenditures are funded through bond issues, user fees, designated taxes and the budgeted use of accumulated savings.

The total budgeted expenditures for all operating, capital and other funds for 2022, not including the Arlington Heights Memorial Library, comes to \$191,467,900, a decrease of 4.6% or about \$9.2 million compared to the 2021 Budget. This decrease is primarily attributable to the following capital and interfund transfer-out changes from 2021 to 2022:

- The 2022 Budget for the Storm Water Control Fund decreases by \$4.4 million compared to the 2021 Budget. The 2021 budget included the completion of the large \$3.5 million Area D – Greenbrier/Roanoke/Wilke storm water project. The Storm Sewer Rehab/Replacement program was also budgeted \$960,000 higher in 2021 than the 2022 Budget, as the Village worked to keep the completion of the storm sewer televising project on target.
- The Technology Fund budget for 2022 shows a \$3.4 million decrease compared to the prior year. The total cost of the ERP project was budgeted in 2021 in order to provide a transparent view of the total costs for this new software. As the project unfolds over the next two years, the actual costs will be rebudgeted and accounted for through encumbrance rollovers. The actual combined cost of the software and consultant (needs assessment, RFP preparation, implementation assistance) came in under budget, and totals \$2.7 million exclusive of annual maintenance costs.
- Interfund transfers-out for 2022 decreased by \$3.2 million, as the Village closed the Public Building Fund in 2021 after its creation twelve years prior. The fund was established to account for the construction of the new Public Works, Fire Station 1, Village Hall and Police facilities. The 2021 Budget included interfund transfers-out of \$3.29 million in remaining funds to the following Village funds:
  1. \$2 million transfer-out to the Technology Fund to help cover the cost of the new Enterprise Resource Planning (ERP) software.
  2. \$650,000 transfer-out to the Arts, Entertainment and Events (A & E) Fund. The coronavirus recession resulted in a 25% decrease in Food & Beverage (FBT) taxes from 2019 to 2020, which is the primary revenue source for this fund. FBT revenues aren't expected to reach 2019 levels again until 2022. In addition, the Village, as one of the five commercial condominium unit owners of the Metropolis Building, will be required to help fund required infrastructure improvements at this twenty-two-year-old building.
  3. \$644,000 transfer-out to the Municipal Parking Fund to account for 2020 lost revenue due to the Pandemic.

The 2021 and 2022 Budgets also show the receipt of the ARPA grant funds. As noted earlier, \$3.39 million will be received in each year for a total of \$6.78 million in federal grant funds. The Village Board approved the following uses of these funds:

- Water & Sewer Fund Infrastructure (\$2,500,000 in 2021): In addition to the water main replacement program, the Village will be replacing residential and commercial water meters

over the next few years. The 2022 water tank repainting project also saw a significant increase when it was determined that Well #17 last painted 24 years ago, shows significant corrosion of the steel securing the rafters and purlins.

- Arlington Heights Park District Capital Projects (\$500,000 in 2021): Under the ARPA grant rules, the Village can allocate direct funds to other government agencies within its jurisdiction to help offset that government's revenue losses due to the Pandemic. The Arlington Heights Park District made such a request. Unlike the Village, which had to continue to provide services during the Pandemic, the Park District cancelled programs, closed recreational facilities, and deferred capital projects. The Park District was also one of the few local governments that weren't eligible for ARPA funding or other significant federal Pandemic-related grants.
- Capital Projects Fund (\$390,000 in 2021 and \$890,000 in 2022): During the 2021 Budget process, one of the steps the Village took to ensure a zero percent property tax increase was to shift \$1.1 million in annual property tax levy to the General Fund to cover ongoing expenditures. The goal was then to increase the Capital Projects Fund property tax levy over the next few years to bring it back to its prior level. The ARPA grant funds help bridge the gap to a sustainable funding level for this fund in the future.
- Police and Fire Vehicle Purchases, Fleet Fund (\$2.5 million in 2022): The Fleet Fund internal service charge to the General Fund is based on the depreciation schedule of the purchased vehicles. Vehicle replacement costs are typically higher than the original vehicle, but the interest income earned by the fund is intended to cover this increased cost. However, over the last decade, interest rate levels have been kept near zero through actions by the Federal Reserve. Support for public safety operations is explicitly identified as an allowable cost for the use of ARPA grant funds. By covering a portion of the cost of upcoming Police and Fire vehicle purchases over the next three years with ARPA grant funds, the Village will improve the funding position for the Fleet Fund to 75%. This funding improvement will then be accomplished without having to increase significantly General Fund vehicle/equipment use charges which would put pressure on property taxes.

## **Personnel Changes**

As a service organization, Village employees are our most important assets. The 2022 total payroll cost is projected to increase 2.63% over the prior year's wage base, including all scheduled wage adjustments in all departments. The Village expects a continued challenge to find and hire top level talent, as 30% of our current employees will be eligible to retire in 2022 and 33% will be eligible in 2023. Thirty-six full-time positions (including promotions) have been filled in the organization in 2021 to date, underscoring the transition period that is now underway. Whenever vacancies occur, Staff reviews whether the position is still needed at all, should be modified, or whether another department has greater current needs for that slot. Such adjustments occur throughout the year as opportunities present themselves.

The 2022 Budget includes an increase in staffing levels of two full-time equivalents. This increase includes two new budgeted employee positions; one each in the IT and Building & Life Safety Departments. The Village's new ERP software will be much more comprehensive in its capabilities and communication interconnections than our current legacy system. To administer this more robust system and to help with other IT needs, an additional IT Enterprise Systems Analyst position is approved. The Building & Life Safety Department budget reflects the approved addition of a Property Maintenance Inspector. The increase in building activity in recent years has increased the amount

of permit revenue the Village receives; however, it has also reduced the amount of time inspectors have to engage in proactive community code enforcement. This new position will allow the Department to provide more consistent, thorough, and timely enforcement of community standards. During the off-season, this Inspector would be used to improve customer service and departmental efficiency by following-up on all open permit submittals including approved drawings without a paid permit, revised submittals that never responded back, and work to close permits that never called for a final inspection.

During the budget review process the Planning Department noted the large number of major development projects, and increased permit reviews, code enforcement, and complex Plan Commission applications. In lieu of proposing an additional Planning staff person at this time, the 2022 Budget includes an additional \$50,000 budgeted for professional services in the Zero-Interest Loan Fund. Finally, the number of retirees in the Police Pension Fund also increased substantially going from 124 retirees in 2021 to 130 projected retirees in 2022.

Employee benefit coverage is an essential part of both attaining and retaining great employees. To be conservative the Village's long-term projections typically assume an increase in health insurance costs of 8% per year. Through negotiations between the Village and its Broker with Blue Cross Blue Shield, the blended increase for the Village and Library PPO and HMO medical plans will only be 2.6% in 2022. The projected increase for the PPO plan is 7.2% and the HMO plan is 0%. The PPO increase maintains a 2% margin that was built-in to the base to help offset potential adverse claims experience. It should be noted that employee contributions towards medical rates for both plans are increasing in 2022 from 12% to 14%. This contribution increase was written into the latest bargaining agreements with our unions, and still reflects a competitive public sector employee contribution rate.

Pension benefits for Village employees are separate from the underfunded State of Illinois pension plans. Village pension plans are covered through the Police Pension Fund, the Firefighters' Pension Fund, and the Illinois Municipal Retirement Fund (IMRF). Per new State law, during 2022 all downstate public safety pension plan investments, including the Arlington Heights Police and Firefighter Pension Fund investments, will be combined into two separate state-wide (except Chicago) Police and Firefighter investment plans. The intent is to provide more investment diversity and higher investment earning potential for these funds. Through the years, the Village has continued to pay the actuarially required contribution for each of these funds. It should be noted that in 2010 the State Legislature mandated a two-tier pension system for IMRF and all municipal Police and Fire pension plans. The intent of the new two-tier pension system is to reduce the long-term pension liability for employers who have employees covered under these plans. The percent of Village staff enrolled in the Tier 2 system increased from 25% in 2016 to 43% in 2021. Given the high number of retirements the Village is experiencing, the percentage of Tier 2 employees is expected to continue to increase substantially in coming years.

The balance of this budget message identifies the process that has been followed to prepare this financial plan for 2022, a detailed review of the General Fund, as well as budget narrative on other Village funds. Additional charts and graphs on the budget as a whole and on selected funds can be found in the Financial Summaries section of the budget.

### **Explanation of the Budget Process**

The Village of Arlington Heights operates under the Budget Officer Act as outlined in the Illinois Compiled Statutes. Under this law the Village Board is required to adopt the budget prior to the beginning of the fiscal year to which it applies. The law also provides that the budget shall serve as the Village's annual appropriation ordinance. After the local election process that occurs every two

years, each Department Director presents an outline of their Department's services, workload indicators, key accomplishments, and new initiatives to the "new" Village Board. This is followed by the Village Board's biennial goal setting process during June of that year. After the Board's goals and objectives are established, Staff develops a two-year business plan that reflects the Board's stated goals. In even-numbered years, a detailed five-year Capital Improvement Program (CIP) is developed with special emphasis on the first two years of the plan. This reflects the multi-year nature of many of the capital projects that are included in the CIP. During the years when there isn't a detailed CIP being presented to the Board, Staff provides the Board with a summary update showing any changes in estimated costs from the prior year. By June of each year, multi-year projections are provided to the Board for the General and Water & Sewer Funds, which are the Village's largest operating funds. These projections include an estimated property tax levy amount. Based on these projections, the Board sets budget ceilings which each department uses as an upper limit when developing its proposed spending plans. As the proposed budget is developed, the estimated property tax levy may be increased or decreased depending on budget proposals for the Village Board's review.

During September and October, the budget team consisting of the Village Manager, Assistant Village Manager, Finance Director, Assistant Finance Director, and Accountant/Budget Coordinator, meets with representatives of each Department to review their operating and capital spending proposals, and to review how these proposals meet the Village Board's strategic priorities. As a result of these meetings and based on available resources, a proposed budget is prepared for review by the Village Board. During November, the Village holds public budget meetings at the Committee-of-the-Whole level. The Village Board subsequently holds a Public Hearing prior to adopting the annual budget in December of each year. A detailed calendar of the budget process immediately follows this transmittal letter.

Under the Budget Officer Act and the Village's purchasing guidelines, the budget may be amended by the Village Manager in the form of transfers between line items up to \$25,000. Budget transfers above this amount require the approval of the Village Board. This allows the Village the flexibility it needs to operate efficiently due to the scope of its operations. This also serves to increase the accountability of Department Directors by encouraging them to budget realistically and to keep a close watch on each expenditure line item during the year.

The budget ceilings approved by the Village Board for the General and Water & Sewer Funds at the beginning of the current budget process for these funds are shown here compared to the proposed expenditures for those funds:

	<b><u>General Fund</u></b>	<b><u>Water &amp; Sewer Fund</u></b>
Budget Ceiling	\$81,592,500	\$25,035,500
Budget	\$81,287,700	\$25,924,300
Over (Under) Ceiling	\$ (304,800)	\$ 888,800

During the Department reviews, the budget team and Department Directors worked to prepare a budget at or below the budget ceilings. The 2022 budget for the General Fund is lower than the budget ceiling established by the Village Board in June 2021. The key reasons for this decrease are: lower health insurance costs than assumed, lower legal expenditures, and savings from lower charges for Northwest Central Dispatch services.

The 2022 Water & Sewer Fund budget is higher than the budget ceiling amount, due primarily to re-budgeting the replacement of the \$922,000 Emergency Generator. Formal bids for this unit were rejected in 2021 due to higher than anticipated bid amounts, due in part to the effects of the Pandemic



on labor and parts costs. Water and Sewer Staff will review the requirements for this unit and rebid the generator during 2022. It is expected that the 2022 Budget of \$922,000 will result in generator bids that meet the Village's requirements.

## **General Fund**

The General Fund is the all-purpose governmental fund, which handles the operations of the Village not accounted for in a separate fund. Most of the expenditures for Village services are budgeted and accounted for in this fund, except for water and sewer expenses. There are three key revenue sources, which account for 67% of the total General Fund revenues:

- Property Tax	32% of revenues
- Sales Tax (including Home Rule)	24%
- Income Tax	11%

The revenues listed above represent the General Fund's primary growth revenues, which generally pay for annual cost increases. The Pandemic has had a clear impact on state and municipal revenues. As noted earlier, a number of revenues decreased significantly in 2020 at the onset of the Pandemic. However, many of these revenues have come back quickly during 2021. Communities that rely on sales tax revenues have been affected even more than others by the downturn. The Village of Arlington Heights' sales tax receipts are a significant source of revenue to the Village, but we have a more balanced array of revenue sources than some other local communities. Due to our partial reliance on sales tax receipts, the Village has worked to maintain solid reserves that can be used to help us weather extraordinary events. The Village's latest projections for Sales and Home-Rule Sales tax receipts reflect a 11% to 12% increase from 2021 Budget to the 2022 Budget. Income tax receipts reflect a 21% increase compared to last year. The 2021 Budget included a projection that income tax receipts would decrease significantly, but this did not materialize as work from home arrangements and enhanced unemployment benefits continued to buoy Illinois residents' incomes.

Local Use tax receipts have done well over the last couple of years, but are now projected to decrease by 2.6% in 2022. Over the last decade there has been downward pressure on sales tax receipts due to the expansion of online retail sales, and the closure of brick and mortar businesses. In November 2019, the amended "Leveling the Playing Field for Illinois Retail Act" was passed by the State's General Assembly to require both remote retailers and marketplace facilitators to collect and remit the state and locally-imposed sales taxes for where the product is delivered. The law requires remote retailers (who either meet a threshold of 200 transactions annually or \$100,000 in annual gross receipts) selling to Illinois residents to collect these sales taxes starting January 1, 2021. While it has taken some time during 2021 for the provisions of this law to unfold, we are now seeing larger increases in sales and home-rule sales tax receipts, and expect local use tax receipts to decrease over the next few years. Over time, having the large internet retailers and marketplace facilitators collect and remit sales and home-rule sales taxes, should generate more revenue than the Village's per capita portion of the State's local use tax.

In September 2020, the Village Board approved the sale of adult use recreational cannabis which was expected to generate new revenues. As of January 2021, the new 3% cannabis tax was in effect. Upon approval, the Village Board had also directed Staff to bring this issue back for Board review in 18 months, which will occur in the spring of 2022. To date, the single adult-use cannabis vendor in the Village is performing as expected with no outstanding issues.

Disruptive technologies continue to significantly alter the way that businesses and entire industries operate. Some innovations are having a direct effect on the Village's revenue base. As noted above, the growth in Local Use tax receipts over the prior few years reflects the ongoing rise of e-commerce.

A couple of other General Fund revenue sources are being affected by disruptive technologies. Telecommunications tax receipts continued to decline by 33% from the 2021 Budget to the 2022 Budget, as more residents “cut the cord” to their land lines. It is projected that this revenue source will continue to decrease. Cable Franchise Fees are projected to decrease by nearly 7%, as more residents are choosing internet streaming services over regular cable or premium channels. Cable Franchise fees are not applied to streaming services like Netflix, Amazon and Hulu.

Staff has started to review a potential new revenue source that could capture some of the decrease in cable franchise fee revenue. The City of Chicago, followed by the City of Evanston have both instituted new streaming service amusement fees. This is a fast-moving policy development area, and half of the states in the U.S. have started taxing residents’ subscriptions to streaming services, although Illinois is not included in this group. Streaming services still require the use of public rights-of-way for cable lines or repeater stations to deliver entertainment to Village businesses and residents. A new streaming tax fee was not needed to balance the 2022 Budget, but it is something that Staff will continue to review as the Village works to address revenue base issues that can arise due to changes in technology.

On the expenditure side, as a service organization, 80% of this Fund’s expenditures are for Personal Services including benefits. On an operational basis, most of the Village’s general expenditures are directed toward public safety, with the Police and Fire Departments comprising 65% of the total General Fund budget.

The 2022 General Fund budget for expenditures increases by only 2.5% compared to the prior year. Health insurance costs increased moderately, and Police and Fire pension costs reflect a 0% increase due to strong pension fund interest earnings in 2020. The Police and Fire Pension Funds are also in a better funded position due to the Village’s prepayment of a portion of the unfunded liability in 2019 and 2020. The Central Dispatch account in the Police and Fire Departments decreased by a combined \$84,900 compared to the prior year budget due to a reduction in the annual assessment from Northwest Central Dispatch for 2022. Overall Legal Department expenditures decreased for the second year in a row due to the transition from a full-time In-House Counsel position to contracted legal services. The In-House Counsel position was eliminated in 2021 after the retirement of the incumbent. Village Prosecutor expenditures also declined further compared to the 2021 budget, as more cases are being handled through the Village’s administrative adjudication process and due to shifting DUI enforcement from the Village Prosecutor to the State’s Attorney. During the internal Department review process, a number of other line items were decreased due to realigning the 2022 budget amount with historical trends.

The 2022 Integrated Services budget increases by 11.8% due to two key additions. Additional consulting expenditures are included in the amount of \$50,000 to help with major development projects in the southern and western areas of the Village. The budget also includes \$50,000 for a firework show now that Arlington Park Racetrack has closed. Even though this money is budgeted, a suitable place to set-off and view a Fourth of July fireworks display in town would still need to be determined. Staff is working with the Arlington Heights Park District on a potential location and program. The Building & Life Safety Department increases by 7.8% due to the approved addition of the Property Maintenance Inspector position outlined in the Personnel Changes section of this budget transmittal letter. The IT/GIS Service Charge for each Department increased substantially due to the new approved IT Enterprise System Analyst position, and a significant increase in annual maintenance costs for the new ERP system. The annual maintenance costs for the old legacy were about \$223,000, whereas the annual maintenance costs for the new, fully functional system will be about \$513,000 per year. The IT Fund is an internal service fund paid for through service charge

allocations to the operating Departments, which are based on the number of personal computers and laptops assigned to each Department. Other expenditures for the other Departments were fairly consistent compared to the prior year.

#### **Future General Fund Issues:**

*State of Illinois* – over the past year, the State has benefitted financially from federal Pandemic grants. The State budget for 2021-2022 was also approved on-time this past year. However, the State's long-term fiscal issues and questions about a sustainable revenue base remain in place.

*Sale of the Arlington Park Racetrack Property* – During 2021, Churchill Downs Incorporated (CDI) the owner of the racetrack, decided to end live racing operations at the end of the racing season and sell the 326-acre site for the highest and best use of the property. After securing a number of competitive bid proposals for the purchase of the property over the past summer, CDI recently announced that it and the Chicago Bears Football Club signed a Purchase and Sale Agreement (PSA) for the entire Arlington Park land parcel. Much work will still need to be done between the Village, surrounding communities, other government entities, CDI, community stakeholders, and the Bears organization before the property sale is finalized. As per the 2022-23 Business Plan, the Village will continue to work with the various parties and the community during this process, and the Village's costs and benefits of this development will continue to be reviewed carefully.

#### **Water & Sewer Fund**

The Water & Sewer Fund's working cash reserves have continued to be challenged by decreased water usage due in part to wetter spring/summer weather. This has resulted in lower water and sewer revenues than budgeted. In addition, there are more efficient plumbing systems installed in residential and commercial properties, and a greater awareness by the public of water conservation methods. As a result, estimates are now based on water usage which is lower than the 15-year average.

In October 2019 the Village Board approved a five-year water and sewer rate adjustment plan that allowed the Village to increase the amount spent on its water main replacement program. The Village's water and sanitary sewer infrastructure is aging, and the average number of water main breaks are two to three times that of comparable communities. The Village's residential and commercial water meters are also older, and the five-year capital plan includes the replacement of these meters. In 2015 the Village was spending about \$500,000 per year on water main replacement. Due to the five-year rate plan, as well as the \$9 million in 2020 bond proceeds allocated to the Water & Sewer Fund, the Village is now planning on replacing at least \$4 million, or 1% of our water mains on an annual basis.

Water main breaks are used as an indicator of system condition. According to the American Water Works Association, water utilities should strive for between 25 and 30 water main breaks per 100 miles of water main per year. In 2018 the six-year average for Village main breaks was 88 breaks per 100 miles of water main, but as of 2021 that average decreased to 75 breaks per 100 miles of water main. Beyond the water main replacement program, the Village has also developed several programs over the years which should help decrease water main breaks. These include an aggressive leak detection program and a surge suppressor program. The Village has also installed variable frequency drives at our booster stations to reduce strain on the system. Although these programs have been successful, they are preventative measures only and aid in extending the life of our water mains. As such, these efforts are not a substitute for needed water main replacement.



The 2022 Budget also includes the beginning of a multi-year plan to replace the Automated Meter Reading (AMR) system, and the residential and commercial water meters. The current system is over 15 years old, and as meters age they slow down and start to under-read actual usage. Over the next few years, more accurate meter reads and less water loss due to main breaks should start to improve the Water & Sewer Fund's revenue receipts.

#### **Future Water & Sewer Fund Issues:**

*Working Cash Balance* – in order to continue to maintain an adequate working cash balance in the Water & Sewer Fund, future rate adjustments will likely need to be considered. Fortunately, the Village's average water and sewer rates still compare fairly to our neighboring communities. However, the Village plans on sustaining aggressive water main replacement, water tank painting, and meter replacement programs over the next five years and beyond. The next water and sewer rate study is currently scheduled for late 2024.

*Lead Water Line Replacement* – In some sections of the Village's water system, lead services are fairly common due to the age of construction. The Village continues to be in full compliance with all regulations due to our treatment program that effectively coats the inside of all water lines, both private and public. Every year, the Village completes, tests and passes the required lead testing program through the IEPA. However, the Federal and State Governments recently passed legislation that will require all lead lines to be phased out of service by the year 2044. This is a very expensive requirement that will likely require federal and state assistance. The Village is currently completing an inventory of the existing lead lines located on private and public property.

#### **Capital Improvement Program (CIP)**

The Village of Arlington Heights has historically been diligent in maintaining its roads, providing a drainage system that mitigates flooding in the community, and maintaining its buildings, emergency apparatus, and facilities required to perform essential services. Over the years, Federal and State financial assistance has dwindled thereby expanding local responsibilities in the program area of public infrastructure. More recently, the State's capital program and Federal Pandemic assistance has helped bolster available capital resources. The prior lack of State and Federal resources has been compounded by new regulations governing the health and environmental standards that regulate design and operations. Balancing the competing demands for limited resources is important to maintain a healthy, safe, viable, and physically attractive community.

The Capital Improvement Program includes a process whereby citizens are asked for input on a biennial basis. By communicating through the Village website, citizens are afforded the opportunity to complete a short form describing the type of capital projects they would like the Village to consider in the next five years. The top two capital infrastructure issues identified through the community response process has consistently been for street and storm water control projects. Village staff analyzed the cost and eligibility of all the proposed projects, and the Board subsequently examined the requests along with staff recommendations. Certain capital projects are considered only if the persons and property owners are agreeable to special assessment or special service area financing. In other cases, projects are included in the CIP since they would benefit the community as a whole. In June 2021, the Village Board reviewed and approved adjustments to the second year of the five-year Capital Improvement Plan for 2021 - 2025. The next biennial CIP process will be undertaken in 2022.

The capital projects outlined in the CIP are budgeted in a variety of Village funds, depending on the source of revenue. The second year of the 2021-2025 capital plan has been incorporated into the 2022 Budget. The "CIP/Debt Service" section of the budget shows a summary of the entire five-year

capital spending and funding plan. The key 2022 capital projects, outside of the water and sewer projects that were identified earlier, include the following:

**Tax Increment Financing (TIF) Fund Projects** – The Village currently has four active TIF Districts. TIF projects are typically financed through a pay as you go mechanism or through issuing debt based on future property tax increment revenue streams. The difference in property tax revenues received in the base year of a TIF District versus the increased property taxes received in subsequent years after improvements are made, result in a property tax increment. In the 2022 Budget, TIF IV (Arlington Heights/Golf Roads) shows budgets of \$1.5 million for redevelopment and \$127,000 for green corridor beautification crosswalks. In TIF V (Arlington Heights/Rand Roads) \$850,000 is budgeted for redevelopment at Southpoint Shopping Center, and \$233,000 is budgeted for the multi-year Rand Road corridor identification project. The Hickory/Kensington TIF includes \$1,025,000 for the construction of public infrastructure associated with the development of a new apartment building. The South Arlington Heights Road TIF was established in 2020 and includes \$55,000 toward initial development costs. There are no other large capital projects currently scheduled for the TIF Districts during the 2022 Budget period. However, if a developer brings forth a viable project during the fiscal year, the Village would amend the budget accordingly.

**Capital Projects Fund** – This Fund accounts for a variety of capital improvement projects including road improvements, sidewalk repair/replacement, equipment, traffic signals, and other miscellaneous projects. Financing for this Fund is provided primarily by property taxes, a ¼% home-rule sales tax, and grant revenues. Based on the Village Board's capital spending priorities, the spending plan continues the Village's efforts for street resurfacing and reconstruction.

The 2022 street program includes the following expenditures:

*Street Program (\$5,600,000 – Capital Projects Fund)* – This is an ongoing program to resurface or rehabilitate existing deteriorated street pavement and curbs.

*Street Rehabilitation Program (\$4,000,000 – MFT Fund)* – This is an ongoing street rehabilitation program consisting of the reconstruction of significantly deteriorated street pavement, curbs, and concrete panels. The 2022 Budget for this program is \$1,600,000 higher than the 2019 budget due to the increase in the State's gas tax which was part of the new State capital plan. Beginning July 1, 2019, the Motor Fuel Tax law was amended to impose a tax rate increase from 19 cents to 38 cents per gallon on motor fuel which will be adjusted annually, if any, on July 1<sup>st</sup> of each year based on the Consumer Price Index. In addition, the Village received MFT grants of \$1.65 million per year in 2020 and 2021, and will receive a final installment in 2022 as part of the State's capital program.

Some of the other major projects included in the 2022 Capital Projects Fund budget are:

*Sidewalk & Curb Replacement (\$415,000) and Paver Brick Maintenance (\$400,000)* – This program covers the Village's ongoing efforts to repair possible trip hazards, and to reduce the Village's liability exposure to trips and falls. The Paver Brick Maintenance program is scheduled to decrease to \$100,000 per year in 2023 after completion in 2022 of a multi-year Downtown paver brick replacement program.

*Downtown Streetscape Improvements (\$200,000)* – A multi-year plan to improve the pedestrian environment and safety in the Downtown by creating bump-outs and mid-block crossings. The next scheduled phase is to provide a pedestrian crossing on Campbell west of Vail.

*Rand Road Corridor Identification Enhancement (\$140,400)* – This is a multi-year plan to create a separate unifying identity for this shopping district. The first phase entailed initial preliminary design,

and funds have been re-budgeted pending receiving approval from the Illinois Department of Transportation.

*Surface Treatment - Streets (\$300,000)* – Since 2016 the Village has used an application of asphalt emulsions to extend the life of Village streets. Due to the success of this program, during the last biennial CIP process, funding for the program was planned to be increased from \$150,000 to \$300,000 as of 2022 and thereafter.

*Wilke Road Resurfacing & Multi-Use Path Extension (\$170,000)* – First year of a multi-year project to resurface Wilke Road, provide ADA improvements, and extend the multi-use path along the east side from the southern boundary to Sunset Meadows Park. The Village of Rolling Meadows will be billed for their 20% portion of the construction costs.

*Sustainability/Green Aggregation Projects (\$105,000)* – this is the first year of a multi-year program to complete sustainable/green projects through the use of electric aggregation rebates from Eligo and MC Squared. The Village will be receiving electric aggregation rebates for four years from 2020 through 2023, which are projected to total about \$625,000. Based on this limited dedicated revenue source, that Village has started to identify one-time projects that promote sustainability. The 2022 Budget includes funds for a limited number of EV charging stations downtown, increasing the Village's EV fleet, and miscellaneous bike and pedestrian crosswalk projects. Staff is also looking into leveraging the aggregation funding in a future year for a Vail Avenue permeable paver grant match. During the 2022 CIP process, Staff will develop other proposed sustainable projects for the Village Board's consideration.

**Storm Water Control Fund** – In 2018 the Village sold a \$10 million bond issue to pay for a number of storm water infrastructure projects over the next five years. The principal and interest on these bonds is being covered by storm water utility fees that were implemented in late 2017. In addition to this revenue source, the Village continues to actively seek out grant funding opportunities. The Village was fortunate to have been selected for grant funding assistance from the Metropolitan Water Reclamation District of Greater Chicago (MWRD). This grant covered \$1.8 million of the \$4.2 million Downtown sewer project (Area 4 – Street Ponding Campbell/Sigwalt). In 2021, the Illinois Department of Commerce & Economic Opportunity (DCEO) approved a \$1 million grant for the Area C – Burr Oak/Burning Tree/Berkley/Hintz Road project. The receipt of grant funds has allowed the Village to include additional storm water control projects on the five-year infrastructure spending plan, which is included in the Storm Water Control Fund section of the budget. The 2022 Budget includes the following significant flood control projects:

*Backyard Drainage Improvements (\$400,000)* – This program budget provides funds for public drainage improvements allowing new or improved access for residents to Village storm sewers. The program only covers work on public right-of-way, or within public utility and drainage easements. Any connections or work on private property not within public easements, is the responsibility of the property owner. The 2022 Backyard Drainage Improvement project will focus on installing storm sewers on Evergreen Avenue and Maude Avenue. This project has been identified as a recipient of an Illinois Department of Commerce and Economic Opportunity (DCEO) grant in the amount of \$400,000. However, delays in grant funding are anticipated due to the State's current focus on COVID-related grants.

*Storm Water Rehabilitation/Replacement Program (\$500,000)* - The budget includes the seventh-year costs of a multi-year program to lightly clean, televise, and analyze the condition of the Village's system. This portion of the program will take about eight years to complete, after which the budget

for this program will be devoted to storm rehabilitation and replacement work identified by televising the system.

*Enhanced Overhead Sewer Program (\$250,000)* - The overhead sewer program (OHS) is designed to offer a rebate to single-family homeowners of the direct costs of converting an existing gravity sewer system to an overhead system. The average cost to install a sewer back-up system can range from \$10,000 to \$15,000. The standard program offers a rebate paid to the owner by the Village for up to 50%, not to exceed \$7,500 of these costs. The Village authorized an enhanced program as of October 1, 2017, which allows the first 400 applicants to receive a rebate of 75%, not to exceed \$11,250 of the direct costs of converting the system. Permit fees associated with these direct costs will also be waived. Installing a sewer back-up system increases an owner's property value, but the significant out-of-pocket expense has prohibited some residents from participating in the program. From the inception of the program in FY2007 through October 2020, there have been 256 rebates paid (including 60 from the enhanced program) to single-family homeowners for a total cost to date of \$1.6 million.

*Area C - Burr Oak/Burning Tree/Berkley/Hintz Road (\$2,672,000)* – This project includes storm sewer improvements, street reconstruction, water main replacement, sidewalk and curb restoration, and landscaping restoration at two separate locations in the Berkley Square Subdivision. The first location is the northwest area of the subdivision and will include the installation of new storm sewer that diverts floodwater to a proposed storage basin on the western side of Raven Park. The second location is in the southeast area of the subdivision, and proposed improvements include the installation of a new upsized storm sewer line. This project has been approved as a recipient of an Illinois Department of Commerce and Economic Opportunity (DCEO) grant in the amount of \$1,000,000.

**Criminal Investigations Fund** – The 2022 Budget includes \$300,000 per year (5-year contract) for a new Body Worn Camera (BWC)/Dash Cam System. There are sufficient funds for 2022, but unless the Criminal Investigation Fund receives significant seizure fund revenues during 2022, this fund will be in a deficit position as of 2023. A backlog within the U.S. Department of Justice dating back to the beginning of 2019 has further impacted seizure reimbursements under this account. If sufficient funds are not released in time and amount, this annual expenditure would have to be moved to the Capital Projects Fund, which could crowd out other projects unless additional tax dollars were generated in this fund by 2023.

Extensive research and field testing of various body worn cameras was conducted by the Police Department during 2021. While cost of standalone BWC systems did not vary significantly between manufacturers, it was readily apparent implementation, consolidation of current technologies and operational procedures were substantially dissimilar. A single manufacturer, Axon Enterprises Inc., presented a comprehensive platform which seamlessly integrated BWC technology with police dash camera systems and conducted electrical weapons (TASER), both currently utilized by police. Existing TASER weapons are scheduled for replacement in 2023. Dash cameras currently follow a similar replacement schedule. While there is an increased cost due to the consolidation of these current systems, long-term benefits are unmistakable with this approach. The solution avoids maintenance of multiple data silos, incompatible software systems, and disjointed evidence management while merging existing expenditures and maintenance agreements. The system also includes robust video redaction software necessary for Freedom of Information Act (FOIA) requests, and a full cloud-based digital evidence storage system.

The mandate to implement a BWC system for the Arlington Heights Police Department is not required by State statute until January 1, 2024. However, implementation at a sooner date will afford an

opportunity to capture unbiased, real-time evidence to defend an Officer or the Village against an unjustified complaint or civil action. The BWC requirement is an unfunded mandate, and the Illinois Chiefs of Police are working with Illinois Legislators to help identify and secure a funding source for body cameras. Additionally, the Police Department applied and is awaiting notice of potential grant funding in the amount of \$250,000 through the U.S. Department of Justice.

**Arts, Entertainment & Events (A & E) Fund** – The Pandemic resulted in a significant 16% decrease in 2020 in Food & Beverage (FBT) taxes, which is the primary revenue source for this fund. FBT revenues have rebounded nicely in 2021, but are not projected to reach 2019 levels again until 2022. In addition, as one of five owners of commercial condominium units in the Metropolis Building, the Village's portion of the 2022 monthly building reserve charge will increase by over \$41,000 per year over the 2020 amount. This large increase reflects the results of a building reserve study completed in 2020, which calls for the roof to be replaced in 2024. In addition, the Commercial Condominium Board just received a large quote to repair or replace the main 22-year-old air-conditioning unit. The one-time transfer-in of \$650,000 from the Public Building Fund, fills the immediate funding gap caused by lower FBT revenues, and provides funds to cover the Village's portion of the immediate and future infrastructure needs at this building. To cover the existing projected expenses of the Village's existing art and entertainment events that are run through this fund, as well as the Village's portion of the higher building reserve costs, the budgeted 2022 A & E Fund revenue includes a change to the Food & Beverage Tax allocation from 25% to 26%. This would provide the fund with a sustainable amount of funding in future years.

The 2022 Budget for the A & E Fund also reflects a new proposed Alfresco FBT paid by the patrons of the restaurants located in the Alfresco zone. It takes a significant amount of Village resources to set up, maintain, and take down the Alfresco area each year. Under this proposal, Alfresco restaurants would add an additional targeted .5% to the current 1.25%, or a 1.75 % total FBT tax paid by their patrons. By collecting this additional amount on a year-round basis, it is projected to generate the nearly \$90,000 it would take to cover the Village's estimated annual Alfresco expenses. The Village is also looking into the possibility of expanding parking options on private property lots. This would require financial incentives to the private lot owners, which may result in a higher proposed targeted FBT amount. Although this proposal is included in the 2022 Budget for planning purposes, the Village Board isn't scheduled for an in-depth review of the proposal until after the budget is approved.

### **Acknowledgements**

The 2022 Budget continues the Village's commitment to its ongoing capital improvement program and the provision of quality municipal services. I would like to thank the entire staff and especially the budget team consisting of Tom Kuehne, Mary Ellen Juarez, Kevin Baumgartner, and Diana Mikula for their efforts. Thanks as well to the Village Board for its ongoing support during the budget cycle and throughout the year.

Sincerely,



Randall R. Recklaus  
Village Manager



# BUDGET CALENDAR

## For Preparation of 2022 Budget

(January 1, 2021 – December 31, 2021)

DATE	DAY	ACTIVITY
March - June, 2021	–	Capital Improvement Project Recap prepared.
June 23, 2021	Wednesday	Operating fund overview, recommended budget ceilings and proposed 2021 tax levy released to Village Board for discussion at June 28 <sup>th</sup> Committee-of-the-Whole meeting. CIP recap released to Village Board for discussion at June 28 <sup>th</sup> Committee-of-the-Whole.
<b>June 28, 2021</b>	<b>Monday</b>	Committee-of-the-Whole reviews audit, Capital Improvement Program Recap, and discusses the Operating Fund Overview, Recommended 2022 Budget Ceilings, and proposed 2022 tax levy.
July 6, 2021	Tuesday	Board considers any motions stemming from June 28 <sup>th</sup> Committee-of-the-Whole meeting regarding the recommended 2022 Budget Ceilings.
July 9, 2021	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
August 10, 2021	Tuesday	Department budget requests and projections due.
Aug 10 – Sep 3, 2021	–	Finance Department compiles departmental budget submissions.
September 3, 2021	Friday	First draft of 2022 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 13 – Sep 15, 2021	–	Departments meet with Village Manager and Budget Team.
Sep 15 – Oct 22, 2021	–	Final draft of 2022 budget prepared.
October 29, 2021	Friday	Release final draft of 2022 Budget to Village Board.
<b>November 8, 2021</b>	<b>Monday</b>	<b>1st Budget Meeting</b> – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, Legal, Health & Human Services, HR, Finance, Building Services, and Police
<b>November 10, 2021</b>	<b>Wednesday</b>	<b>2nd Budget Meeting</b> – Budgets for Metropolis Theater, Boards & Commissions, Planning & Community Development, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire
<b>November 16, 2021</b>	<b>Tuesday</b>	<b>3<sup>rd</sup> Budget Meeting</b> – If needed
November 17, 2021	Wednesday	Notice of Public Hearing on 2022 Budget published in newspaper.
<b>December 6, 2021</b>	<b>Monday</b>	Board approves 2021 Tax Levy and Abatement Ordinances. Public Hearing on 2022 Budget. Approval of 2022 Budget at formal meeting.

**SURVEY OF COMPARABLE MUNICIPALITIES  
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME  
AUGUST 2021**

**ANNUAL ESTIMATED PAYMENTS:**

Municipality	2021 Passenger Veh. Stickers	Garbage Bill*	Yard Waste Bill	Combined** Residential Water & Sewer Bill	Storm Water Fee	Home*** Rule Sales Tax	Food & Beverage Sales		Entertain Tax	Electric Utility Tax	Gas Utility Tax	Telecom Tax	2020**** Municipal Property Tax		Total Estimated Annual Homeowner Costs
							Tax	Tax							
Assumptions for Average Family	2	12 /Yr	48 Bags/Yr	144,000 Gallons/Yr	Estimated	\$6,000 /Year	\$3,000 /Year	650 Gallons/Yr	\$2,400 /Year	12,300 kWh/Yr	1,700 therms/Yr	\$1,200 /Year	\$92,100 EAV		
1. Rolling Meadows	0.00	\$359.40	\$0.00	2,337.12	57.12	60.00	60.00	26.00	0.00	75.03	85.00	72.00	1483.73		\$4,615.40
2. Hoffman Estates	0.00	\$146.52	\$144.00	1,949.88	24.00	60.00	60.00	16.25	0.00	69.00	85.00	60.00	1308.74		\$3,923.39
3. Mount Prospect	90.00	\$253.80	\$0.00	2,204.16	0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	900.74		\$3,704.86
4. Wheeling	0.00	\$276.12	\$0.00	1,212.84	39.00	60.00	30.00	0.00	96.00	75.03	85.00	72.00	1402.68		\$3,348.67
5. Elk Grove Village	0.00	246.12	\$144.00	1,728.00	0.00	60.00	30.00	0.00	0.00	75.03	85.00	72.00	761.67		\$3,201.82
6. Arlington Heights	60.00	\$207.60	\$117.60	1,350.24	75.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	1024.15		\$3,164.12
7. Buffalo Grove	0.00	\$279.60	\$0.00	1,267.08	60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	1072.97		\$3,002.64
8. Des Plaines	0.00	\$212.40	\$0.00	1,391.83	0.00	60.00	30.00	45.50	0.00	70.23	42.50	72.00	1014.02		\$2,938.48
9. Schaumburg	0.00	\$0.00	\$0.00	2,029.92	0.00	60.00	60.00	19.50	120.00	0.00	0.00	72.00	463.26		\$2,824.68
10. Park Ridge	90.00	\$0.00	\$0.00	1,544.04	0.00	60.00	30.00	26.00	0.00	68.63	34.00	72.00	742.33		\$2,667.00
11. Palatine	60.00	\$258.00	\$0.00	934.44	60.00	60.00	30.00	0.00	0.00	75.03	0.00	72.00	1043.49		\$2,592.96

\*Rates include carts and/or SWANCC fees where applicable.

\*\* Rate/100 cubic ft. x 1.3367197 = rate/1000 gals.

\*\*\*Home/Rules Sales Taxes are on general merchandise only, not applied against vehicles or qualifying food, drugs, or medical appliances.

\*\*\*\*Municipal tax only, does not include libraries, schools, special districts, or other taxing authorities.

Sources: Surveys: Arlington Heights (08/21), / Cook County Clerk website / Municipal websites / Codes



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Village of Arlington Heights  
Illinois**

For the Fiscal Year Beginning

**January 01, 2021**

*Christopher P. Morill*

Executive Director



# **FINANCIAL PERFORMANCE GOALS**

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The Financial Performance Goals represent an initial effort to establish written policies for guiding the Village's financial management practices. While some of the performance goals are specific and will limit certain types of financial activity, the goal statements are not intended to restrict the Village President and Board of Trustees' ability and responsibility to respond to emergency or service delivery needs above or beyond the limitations established by the Financial Performance Goals.

## **REVENUE PERFORMANCE GOALS**

The Village will maintain a diversified and stable revenue system as protection from short-run fluctuations.

The Village will estimate annual revenues on an objective and reasonable basis. The Village will develop a method of projecting revenues on a multi-year basis.

The Village will use one-time or special source revenue for capital expenditures or for expenditures incurred in generating the revenue, not to subsidize recurring personnel, operation and maintenance costs.

The Village will establish, and annually re-evaluate, all user charges and fees at a level related to the cost of providing the services.

The Village will endeavor to reduce reliance on the property tax by seeking and developing additional revenue sources.

The Village will designate a specific revenue source to be used for ongoing funding of capital projects.

The Village will attempt to limit property tax increases, when such increases are needed, to no more than 105% of the previous year's extension as calculated for Truth in Taxation purposes.

## **OPERATION EXPENDITURES PERFORMANCE GOALS**

The Village Manager and Finance Director will propose and the Village Board will adopt and maintain a balanced budget in which expenditures will not be allowed to exceed reasonably estimated revenues and other available funds at the same time maintaining recommended fund balance reserves.

The Village will pay for all current operation and maintenance expenses from current revenue.

The operating budget will provide for the adequate maintenance of capital assets and equipment.

The budget will provide for adequate funding of all employee benefit programs and retirement systems.

The Village will maintain an encumbrance accounting system which will allow it to closely monitor the adopted budget as it may be amended from time to time pursuant to Village code.

The Village will prepare and maintain a system of regular monthly reports comparing actual revenues and expenditures to budgeted amounts.

# **FINANCIAL PERFORMANCE GOALS**

(Continued)

The Village will maintain an effective risk management program to minimize losses and reduce costs. The Village Board will ensure that adequate insurance or self-insured programs are in place.

The Village will encourage delivery of services by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected as well as develop and internally use technology and productivity advancements that will help reduce or avoid increasing personnel costs. The intent is to control personnel costs as a proportion of the total budget, to more productively and creatively use available resources and to avoid duplication of effort and use of resources.

## **RESERVE PERFORMANCE GOALS**

The Village will maintain a minimum undesignated General Fund balance of 25% of annual operating expenditures before transfers-out in order to:

- A. Provide adequate cash flow and to prevent the demand for short term borrowing;
- B. Provide for temporary funding of unforeseen needs of an emergency or non-recurring nature;
- C. Provide for orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies;
- D. Provide the local match for public or private grants;
- E. Provide for unexpected, small increases in service delivery costs;
- F. Provide for unanticipated revenue shortfalls.

Any General Fund balance exceeding 25% of annual operating expenditures is available to be transferred to the Capital Projects Fund, the Fleet Operations Fund, or other funds depending on need.

The Village will maintain a permanent self-insurance reserve in an amount necessary to fund the estimated future claims for general liability, workers' compensation and employee health insurance to prevent the need for short and long term borrowing to fund these claims. At a minimum, the level of this reserve will be equivalent to the amount of reserves as estimated by the Village's third party claims administrator.

## **INVESTMENT PERFORMANCE GOALS**

The Village will develop a cash flow analysis of all funds on a regular basis. Collections, deposits and disbursements of all funds will be scheduled to ensure maximum cash availability.

The Village will identify and invest cash not immediately needed to achieve the highest return subject to safeguarding principal, maintenance of necessary liquidity, maintenance of public confidence and compliance with all Village, State and Federal regulations.

The Village will follow the Investment and Depository Policy approved by the Village Board on September 21, 1999. Any changes to that policy must be approved by the Village Board of Trustees.

# **FINANCIAL PERFORMANCE GOALS**

(Continued)

The Village will maintain a system of internal controls and procedures which shall be documented. The controls shall be designed to prevent losses of Village assets arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees.

The Finance Department will provide monthly information to the Village President and Board of Trustees concerning investment performance.

## **CAPITAL IMPROVEMENT PERFORMANCE GOALS**

Capital improvements will be based on long range projected needs rather than on immediate needs in order to minimize future maintenance, replacement and capital costs.

The Village shall maintain a five year capital improvement program and all capital improvements will be made in accordance with that plan. The capital improvement program shall be updated annually.

The development of the capital improvement program will be coordinated with the operating budget in order to maintain a reasonably stable total tax levy.

The Village will identify the estimated cost and potential funding sources for each capital project proposed before submission to reviewing bodies and to the Village President and Board of Trustees. Future operating costs associated with a proposed capital improvement will be estimated before a decision is made to implement a project.

Federal, State and other intergovernmental and private funding sources of a special revenue nature shall be sought out and used as available to assist in financing capital improvements.

## **DEBT PERFORMANCE GOALS**

The Village will limit long-term debt to those capital improvements that cannot be financed from current revenues.

The maturity date for any debt will not exceed the reasonable expected useful life of the project to be funded or negatively impact the marketability of the bonds.

The Village will avoid the issuance of Budget, Tax and Revenue Anticipation Notes.

The Village will use special assessments, revenue bonds, and/or any other available self-liquidating debt measures instead of general obligation bonds where and when possible, applicable and practicable.

The Village shall develop and maintain good relations with financial and bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.

When issuing new debt, the Village will endeavor to maintain medium credit industry benchmarks as published annually by Moody's Investors Service.

# FINANCIAL PERFORMANCE GOALS

(Continued)

The Village will develop a Debt Management Policy to help ensure the Village's credit worthiness and to provide a functional tool for debt management and capital planning.

## FINANCIAL REPORTING PERFORMANCE GOALS

The Village will adhere to a policy of full and open public disclosure of all financial operations. The proposed budget will be prepared in a manner maximizing its understanding by citizens and elected officials. Copies of financial documents will be made available to all interested parties. Opportunities will be provided for full citizen participation prior to final adoption of the budget.

The Village's accounting system will maintain records on a basis consistent with generally accepted accounting principles.

The Finance Director will prepare regular quarterly and annual financial reports presenting a summary of financial activity by major types of funds and programs.

The Village will prepare a **Comprehensive Annual Financial Report** in conformity with generally accepted accounting principles and financial reporting practices.

The Village will employ an independent public accounting firm to perform an annual audit of all funds, authorities, agencies and grant programs, and will make the annual audited report available to the general public, bond and financial consultants and other interested citizens and organizations. The audit shall be completed and submitted to the Village President and Board of Trustees **within 180 days** of the close of the Village's fiscal year.

# BUDGET DOCUMENT PURPOSE & CONTENT

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## PURPOSE

This budget represents the Village's plan for allocating resources. These resources include time, manpower and money and are allocated to accomplish the planned objectives set forth in the strategic plan. The budget document is a planning, control and measurement tool of the Village. It is a comprehensive financial plan adopted annually by the Village Board, with a fiscal year starting January 1<sup>st</sup> and ending December 31<sup>st</sup>.

The budget calendar identifies the timing, responsibility and duration of the budget process. Generally, the budget process begins in July and the budget is adopted in December. Once adopted, the control and measurement process of budget administration continues until fiscal year end, at which time, the external independent annual audit provides a review of the Village's budget performance. Therefore, the true budget process does not end when the budget is adopted, but is a year-round concern of the Village Board and staff.

## CONTENT

This budget document utilizes a pyramid approach to provide its readers with varied levels of detail. This budget document is more than a financial plan. It is intended to fulfill four major functions through its role as:

- ▶ a policy document
- ▶ an operations guide
- ▶ a communication medium
- ▶ a financial plan

The presentation of the budget document can be summarized as follows:

**INTRODUCTION & FINANCIAL SUMMARIES** – This section provides for a transmittal letter which highlights the significant elements of the budget. Within this section is a "BUDGET AT A GLANCE" presentation which has various tables and charts to provide the reader an overview of the budget at the highest level of reporting. These schedules combine all funds and cross reference each individual fund and operation. Each type of user requires differing levels of detail depending on the level and type of decision making. Also, various tables are incorporated into the budget document to present general, financial, socio-economic, and other pertinent data to give the reader historical and factual data that enhances their understanding of the direction the Village is heading. Generally speaking, these few pages provide the general public (and the press) a sufficient understanding of the budget document and serves most purposes.

**INDIVIDUAL FUND BY FUND PRESENTATION** – At the next lower level of reporting, each fund presentation begins with "Fund at a Glance" introduction which highlights the major revenues (sources) and the major expenditures (uses) in a basic format. A "Fund Summary" follows which illustrates two previous years' actuals, the projected actual as compared to budget for the current fiscal year, and the new budget year's effect on the financial position of the fund. This allows the reader an overview of the fund without necessarily reviewing the next lower level of reporting.

# BUDGET DOCUMENT PURPOSE & CONTENT

(Continued)

**OPERATIONS** – Since the General Fund is comprised of many operations or programs, a separate tab has been provided for each department for quick reference. Behind this tab is an organizational chart by function (or operation) which illustrates the operations within that department. This is also described in narrative form on the following few pages. Since the budget process formally adopts goals and objectives, the department director communicates the progress made on last year's goals and establishes new goals for the budget year with concurrence and approval of the Village Manager. This becomes an excellent form of communication which enunciates what will be accomplished as a result of utilizing these financial resources. Often there is a legal or policy need to budget operations across funds; therefore, to obtain a true picture of the total costs an "Operation Summary" is included and it performs the cross-reference in a simple and easily understandable manner. The line-item budget becomes the next lower level of reporting. It discloses the prior year's actuals, projections, and budgeted amounts for each account. "Personal Services" schedules detail authorized positions in full time equivalents.

**APPENDIX** – This section contains a community profile for the Village of Arlington Heights, a glossary of terms and a list of acronyms used throughout this document.

**MISCELLANEOUS SCHEDULES, TABLES, & GRAPHICS** – To provide greater clarity and to enhance the appeal of the budget document, certain miscellaneous illustrations have been included in their logical sequence. For example, debt service schedules for future debt retirement which contain extensive information in a concise spreadsheet have been included in the "Debt Service" presentation.

**ARLINGTON HEIGHTS MEMORIAL LIBRARY** – The Library section of this budget document includes a fund narrative, fund summary, and a line item budget. The Library budget is determined by a Library Board of Trustees which is elected independent from the Village Board of Trustees. As a result of State legal requirements, the Library budget is then included with the Village budget for adoption by the Village Board of Trustees.

**BASIS OF BUDGETING** – The Village of Arlington Heights accounts for all funds and adopts a budget based on generally accepted accounting principles (GAAP). The Village uses fund accounting designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

**Governmental funds** are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. Governmental funds are budgeted using a modified accrual basis, except for loans, loan payments, and debt service payments, which are budgeted on a cash basis.

# BUDGET DOCUMENT PURPOSE & CONTENT

(Continued)

**Proprietary funds** are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds are budgeted using an accrual basis, except for loans, loan payments, capital expenditures, depreciation, and debt service payments which are budgeted on a cash basis.

**Fiduciary funds** are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund, or an expendable trust fund is used. The terms “nonexpendable” and “expendable” refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Expendable trust and agency funds are budgeted on a modified accrual basis, and the nonexpendable trust and pension funds are budgeted on an accrual basis.

**DEPARTMENT/FUND RELATIONSHIP**

DEPARTMENT	MAJOR FUNDS			NON MAJOR FUNDS											INTERNAL SERVICES		
	General Fund	Capital Projects Fund	Water & Sewer Fund	MFT Fund	Afford. Housing Fund	Zero Int. Loan Fund	CDBG Fund	Foreign Fire Ins. Fund	Criminal Inv. Fund	Municipal Parking Fund	TIF Funds	Storm Water Ctrl Fund	Solid Waste Fund	A&E Fund	Self Insurance Funds	Fleet Fund	Technology Fund
Board of Trustees	√																
Integrated Services	√													√			√
Human Resources	√														√		
Legal	√																
Finance	√	√	√												√		
IT / GIS		√															√
Boards & Commissions	√												√	√			
Police/Police Grant	√	√							√	√				√			
Fire	√	√						√						√			
Planning	√	√			√	√	√			√	√			√			
Building Services	√																
Health Services	√																
Senior Services	√																
Public Works	√	√		√						√		√	√	√			
Water Utility			√														
Municipal Fleet Services		√														√	



VILLAGE OF ARLINGTON HEIGHTS

# ALL FUNDS SUMMARY

FUND	REVENUES	2019 Actual	2020 Actual	2021 Est. Actual	2021 Budget	2022 Budget	\$ Change	% Change
101	GENERAL	78,759,674	75,280,095	80,799,700	78,528,400	<b>81,376,100</b>	2,847,700	3.6%
211	MOTOR FUEL TAX	2,479,042	4,391,431	4,651,000	4,654,000	<b>4,654,000</b>	0	0.0%
215	CDBG	379,583	443,390	565,200	921,200	<b>879,200</b>	(42,000)	(4.6%)
217	AFFORDABLE HOUSING FUND	314,524	132,320	112,300	150,000	<b>150,000</b>	0	0.0%
225	ZERO INTEREST LOAN FUND	457,690	274,405	306,300	311,700	<b>300,000</b>	(11,700)	(3.8%)
227	FOREIGN FIRE INSURANCE TAX	145,668	153,118	130,400	132,500	<b>132,500</b>	0	0.0%
231	CRIMINAL INVESTIGATIONS	210,041	31,564	37,600	103,700	<b>103,700</b>	0	0.0%
235	MUNICIPAL PARKING	1,469,402	2,615,082	1,670,375	1,627,000	<b>1,331,000</b>	(296,000)	(18.2%)
263	TIF IV	658,790	773,359	574,300	591,300	<b>591,300</b>	0	0.0%
264	TIF V	772,100	999,052	740,600	746,200	<b>746,200</b>	0	0.0%
266	HICKORY/KENSINGTON TIF	551,651	818,167	561,000	568,500	<b>660,000</b>	91,500	16.1%
267	S AH RD TIF	0	0	100,000	100,000	<b>100,000</b>	0	0.0%
301	DEBT SERVICE	17,350,183	7,583,611	7,481,800	7,525,600	<b>7,528,100</b>	2,500	0.0%
401	CAPITAL PROJECTS	9,071,105	19,948,049	10,055,000	9,931,300	<b>11,021,100</b>	1,089,800	11.0%
426	STORM WATER CONTROL	3,994,970	1,652,292	1,636,500	2,661,400	<b>2,661,400</b>	0	0.0%
431	PUBLIC BUILDING	266,179	207,989	1,018	0	<b>0</b>	0	N/A
505	WATER & SEWER	20,266,521	30,659,981	24,298,400	24,591,200	<b>22,741,800</b>	(1,849,400)	(7.5%)
511	SOLID WASTE DISPOSAL	2,057,864	1,934,818	2,032,600	1,960,000	<b>2,040,000</b>	80,000	4.1%
515	ARTS, ENTERTAINMENT & EVENTS	861,341	595,243	1,516,500	1,434,100	<b>1,005,200</b>	(428,900)	(29.9%)
605	HEALTH INSURANCE	14,834,668	14,005,590	13,564,100	13,459,600	<b>13,974,400</b>	514,800	3.8%
611	GENERAL LIABILITY INSURANCE	995,216	884,368	854,700	875,800	<b>625,800</b>	(250,000)	(28.5%)
615	WORKERS' COMPENSATION	2,937,893	2,683,478	2,377,600	2,288,800	<b>2,538,800</b>	250,000	10.9%
621	FLEET OPERATIONS	4,091,361	3,796,511	3,857,500	3,916,300	<b>6,477,700</b>	2,561,400	65.4%
625	TECHNOLOGY	1,759,240	1,873,486	3,888,100	3,891,600	<b>2,340,200</b>	(1,551,400)	(39.9%)
705	POLICE PENSION	33,049,273	24,079,444	24,873,000	9,633,000	<b>10,014,000</b>	381,000	4.0%
711	FIRE PENSION	24,605,251	20,177,963	16,836,062	9,813,000	<b>9,862,000</b>	49,000	0.5%
<b>TOTAL REVENUES</b>		<b>222,339,230</b>	<b>215,994,806</b>	<b>203,521,655</b>	<b>180,416,200</b>	<b>183,854,500</b>	<b>3,438,300</b>	<b>1.9%</b>

FUND	EXPENDITURES	2019 Actual	2020 Actual	2021 Est. Actual	2021 Budget	2022 Budget	\$ Change	% Change
101	GENERAL	78,586,185	75,571,855	78,664,200	79,403,734	<b>81,376,100</b>	1,972,366	2.5%
211	MOTOR FUEL TAX	1,873,979	2,371,133	4,232,200	4,232,220	<b>4,116,800</b>	(115,420)	(2.7%)
215	CDBG	379,583	443,390	565,200	949,050	<b>879,200</b>	(69,850)	(7.4%)
217	AFFORDABLE HOUSING FUND	0	0	25,000	25,000	<b>25,000</b>	0	0.0%
225	ZERO INTEREST LOAN FUND	48,300	170,084	60,000	250,000	<b>150,000</b>	(100,000)	(40.0%)
227	FOREIGN FIRE INSURANCE TAX	162,350	91,427	250,000	250,000	<b>250,000</b>	0	0.0%
231	CRIMINAL INVESTIGATIONS	522,946	300,759	346,700	346,758	<b>789,900</b>	443,142	127.8%
235	MUNICIPAL PARKING	1,548,506	1,637,994	1,772,800	1,815,825	<b>1,928,800</b>	112,975	6.2%
263	TIF IV	58,789	68,883	635,800	610,839	<b>1,727,000</b>	1,116,161	182.7%
264	TIF V	13,609	738	1,887,500	2,487,469	<b>1,228,000</b>	(1,259,469)	(50.6%)
266	HICKORY/KENSINGTON TIF	30,000	15,000	715,000	1,590,000	<b>1,115,000</b>	(475,000)	(29.9%)
267	S AH RD TIF	0	0	120,400	70,800	<b>195,000</b>	124,200	175.4%
301	DEBT SERVICE	17,365,175	7,667,546	7,483,600	7,483,600	<b>7,486,200</b>	2,600	0.0%
401	CAPITAL PROJECTS	8,665,502	14,310,309	11,594,200	13,722,104	<b>12,131,700</b>	(1,590,404)	(11.6%)
426	STORM WATER CONTROL	8,944,698	1,663,882	6,307,800	8,896,394	<b>4,515,300</b>	(4,381,094)	(49.2%)
431	PUBLIC BUILDING	884,362	0	3,294,375	3,353,967	<b>0</b>	(3,353,967)	(100.0%)
505	WATER & SEWER	21,550,764	22,190,642	24,180,300	25,390,156	<b>25,924,300</b>	534,144	2.1%
511	SOLID WASTE DISPOSAL	1,968,304	2,022,125	2,100,000	2,086,600	<b>2,149,400</b>	62,800	3.0%
515	ARTS, ENTERTAINMENT & EVENTS	851,786	382,093	1,425,400	1,402,528	<b>1,013,100</b>	(389,428)	(27.8%)
605	HEALTH INSURANCE	14,400,294	13,009,046	13,361,400	13,596,500	<b>14,065,600</b>	469,100	3.5%
611	GENERAL LIABILITY INSURANCE	538,495	464,422	540,900	873,000	<b>623,000</b>	(250,000)	(28.6%)
615	WORKERS' COMPENSATION	2,891,814	2,449,656	2,701,500	2,812,000	<b>2,809,700</b>	(2,300)	(0.1%)
621	FLEET OPERATIONS	3,627,157	3,165,498	4,383,100	4,377,898	<b>5,031,500</b>	653,602	14.9%
625	TECHNOLOGY	1,522,609	1,769,494	4,406,600	5,919,555	<b>2,563,300</b>	(3,356,255)	(56.7%)
705	POLICE PENSION	8,469,326	9,265,972	10,810,900	10,039,100	<b>10,835,500</b>	796,400	7.9%
711	FIRE PENSION	7,451,501	7,862,849	8,349,400	8,645,500	<b>8,538,500</b>	(107,000)	(1.2%)
<b>TOTAL EXPENDITURES</b>		<b>182,356,034</b>	<b>166,894,797</b>	<b>190,214,275</b>	<b>200,630,597</b>	<b>191,467,900</b>	<b>(9,162,697)</b>	<b>(4.6%)</b>

VILLAGE OF ARLINGTON HEIGHTS

# FUND BALANCE SUMMARY 2022

Fund	Fund Name	1/01/22 Projected Beginning Fund Balance (Deficit)	2022 Revenues & Transfers In	2022 Expenditures & Transfers Out	2022 Revenues Over (Under) Expenditures	12/31/22 Estimated Ending Fund Balance (Deficit)
101	General	\$32,722,474	\$81,376,100	\$81,376,100	\$0	\$32,722,474
211	Motor Fuel Tax	5,344,906	4,654,000	4,116,800	537,200	5,882,106
215	CDBG	0	879,200	879,200	0	0
217	Affordable Housing	534,144	150,000	25,000	125,000	659,144
225	Zero Interest Loan	760,011	300,000	150,000	150,000	910,011
227	Foreign Fire Insurance Tax	367,197	132,500	250,000	(117,500)	249,697
231	Criminal Investigations	1,124,979	103,700	789,900	(686,200)	438,779
235	Municipal Parking	5,510,543	1,331,000	1,928,800	(597,800)	4,912,743
263	TIF IV	3,464,395	591,300	1,727,000	(1,135,700)	2,328,695
264	TIF V	2,014,256	746,200	1,228,000	(481,800)	1,532,456
266	Hickory/Kensington TIF	2,326,599	660,000	1,115,000	(455,000)	1,871,599
267	S AH Rd TIF	(20,400)	100,000	195,000	(95,000)	(115,400)
301	Debt Service	2,096,300	7,528,100	7,486,200	41,900	2,138,200
401	Capital Projects	15,199,238	11,021,100	12,131,700	(1,110,600)	14,088,638
426	Storm Water Control	5,255,288	2,661,400	4,515,300	(1,853,900)	3,401,388
505	Water & Sewer	9,862,832	22,741,800	25,924,300	(3,182,500)	6,680,332
511	Solid Waste Disposal	3,744,268	2,040,000	2,149,400	(109,400)	3,634,868
515	Arts, Entertainment & Events	242,545	1,005,200	1,013,100	(7,900)	234,645
605	Health Insurance	5,002,272	13,974,400	14,065,600	(91,200)	4,911,072
611	General Liability Insurance	4,459,537	625,800	623,000	2,800	4,462,337
615	Workers' Compensation Insurance	4,273,264	2,538,800	2,809,700	(270,900)	4,002,364
621	Fleet Operations	7,932,507	6,477,700	5,031,500	1,446,200	9,378,707
625	Technology	2,292,369	2,340,200	2,563,300	(223,100)	2,069,269
705	Police Pension	177,221,779	10,014,000	10,835,500	(821,500)	176,400,279
711	Fire Pension	144,685,473	9,862,000	8,538,500	1,323,500	146,008,973
<b>TOTAL ALL VILLAGE FUNDS</b>		<b>\$436,416,776</b>	<b>\$183,854,500</b>	<b>\$191,467,900</b>	<b>(\$7,613,400)</b>	<b>\$428,803,376</b>

1. The General Fund shows a balanced 2022 Budget. The current financial condition of the fund is healthy as it continues to maintain a fund balance over 25% of annual expenditures.
2. The Motor Fuel Tax Fund shows a planned surplus due to additional funding from the Rebuild Illinois Bond Grant to complete various road improvements throughout the Village.
3. Affordable Housing Fund accounts for cash payments received in lieu of constructing affordable housing. These funds will be used to create and preserve permanent attainable housing.
4. Zero Interest Loan Fund is designed to provide financial assistance to prospective and existing businesses within the Village of Arlington Heights. The program is intended to assist companies' growth within the Village.
5. Foreign Fire Insurance Tax Fund - Insurance companies that do not maintain offices within the State but market fire insurance policies within the State pay an additional tax of 2% to the municipality where the policy is written. These funds are used for the betterment of the fire services and are controlled by a separate Board of Directors including the Fire Chief and firefighters per State Statute. Prior year revenues are being expensed this year, creating the operating deficit.
6. Criminal Investigations Fund - Assets seized under State and Federal statutes are accounted for in this fund and used for the advancement of law enforcement. These funds are not budgeted for day-to-day Police Department operations but are generally one time capital expenditures of current and prior year revenues.
7. Municipal Parking Fund - Primarily, commuter parking for train travel to and from Chicago is provided for in this fund. With Downtown redevelopment, resident parking for large apartment complexes and off-street shopper parking was included. Substantial fund balance is maintained for future parking garage maintenance and repairs, which will provide a service life of 40 to 50 years for the four parking structures.

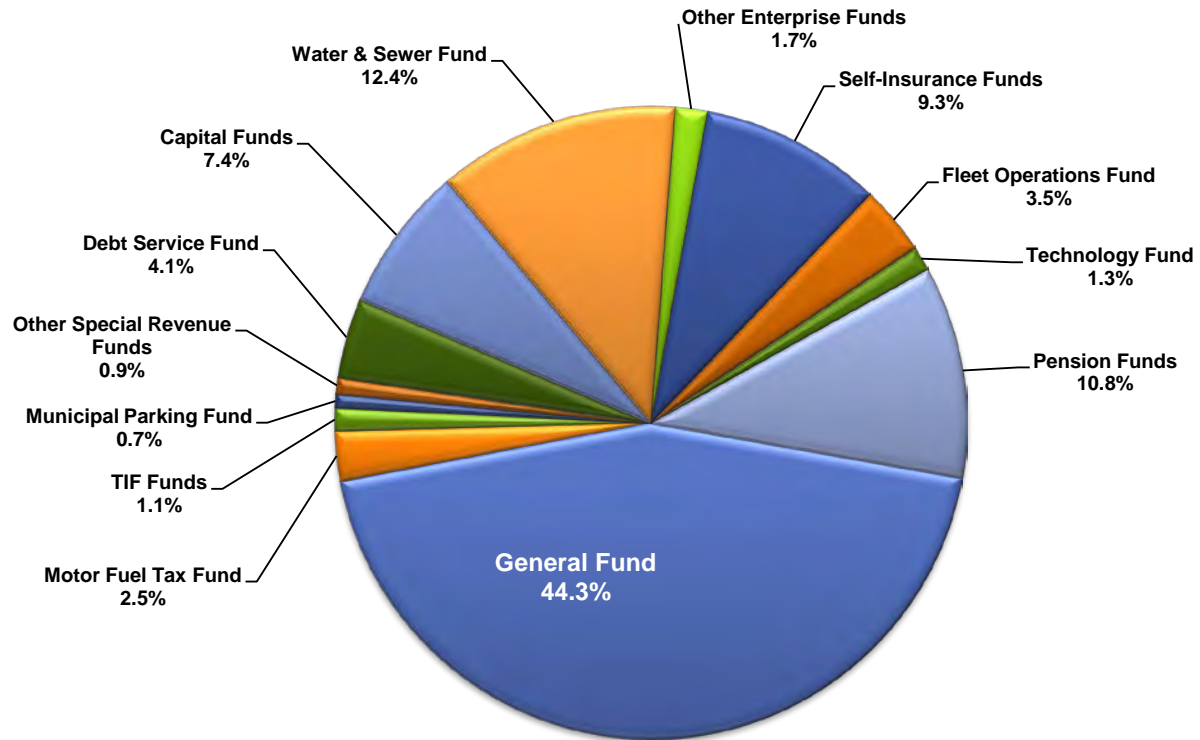
## FUND BALANCE SUMMARY 2022

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8. TIF IV shows a deficit as planned improvement projects are expected to outpace current year revenue.
9. TIF V shows a deficit as planned improvement projects are expected to outpace current year revenue.
10. Hickory/Kensington TIF shows a deficit as planned improvement projects are expected to outpace current year revenue.
11. S Arlington Heights Rd TIF shows a deficit as planned improvement projects are expected to outpace current year revenue.
12. The Debt Service Fund accounts for all debt service payments from general obligation bond issuances except those in the Storm Water Control Fund.
13. The Capital Projects Fund shows a deficit in operations primarily as a result of current year costs outpacing current year revenues dedicated to this fund.
14. The Storm Water Control Fund has a planned deficit as scheduled programs improving the Village's storm water infrastructure drawdown funds from a general obligation bond issued in 2018.
15. The Water & Sewer Fund shows a planned operating deficit due to planned projects outpacing revenue. The planned service rate increase for 2022 is 5%.
16. Solid Waste Disposal Fund - The operations of the Government Joint Venture Solid Waste Agency of Northern Cook County are provided for in this fund. Efforts to reduce solid waste removal costs and maximize disposal facility useful lives are primary objectives.
17. The Arts, Entertainment & Events Fund is designed for funding special events and the operation of the Metropolis Performing Arts Theater. The primary funding source is 26% of the Village's 1.25% Food & Beverage Tax on prepared food.
18. The Health Insurance Fund has a slight planned operating deficit due to the potential of large health insurance claims. Actual year end results generally come in better than budgeted. This fund is operated on a pay as you go basis with a reserve for large claims.
19. The General Liability Insurance Fund covers the first \$100,000 per claim before IRMA coverage takes effect. Charges to operating departments are used to fund this insurance coverage. Past claims have been varied and actual experience is generally more favorable than budgeted.
20. The Workers' Compensation Insurance Fund claims are handled the same as General Liability claims noted above.
21. The Fleet Operations Fund provides for major capital replacements. Service charges over the useful life of the equipment will replenish reserves. A healthy fund balance is maintained for vehicle and equipment replacement.
22. The Technology Fund provides for the operation of the Village's computer network infrastructure and equipment replacement. Service charges to departments are used to fund these operations. The operating deficit is the result of the fund drawing down its reserves to pay for annual CentralSquare software maintenance; the other funds will be charged for the new annual Tyler software maintenance
23. The Police Pension Fund shows a deficit as planned pension payments are expected to outpace current year revenue. Funding for future liabilities of the Police Pension Fund is currently at 84.7%. Per current State Statute, 90% funding must be reached by 2040.
24. The Fire Pension Fund is budgeting positive results for operations this year. Funding for future liabilities of the Fire Pension Fund is currently 79.6%. Per current State Statute, 90% funding must be reached by 2040.

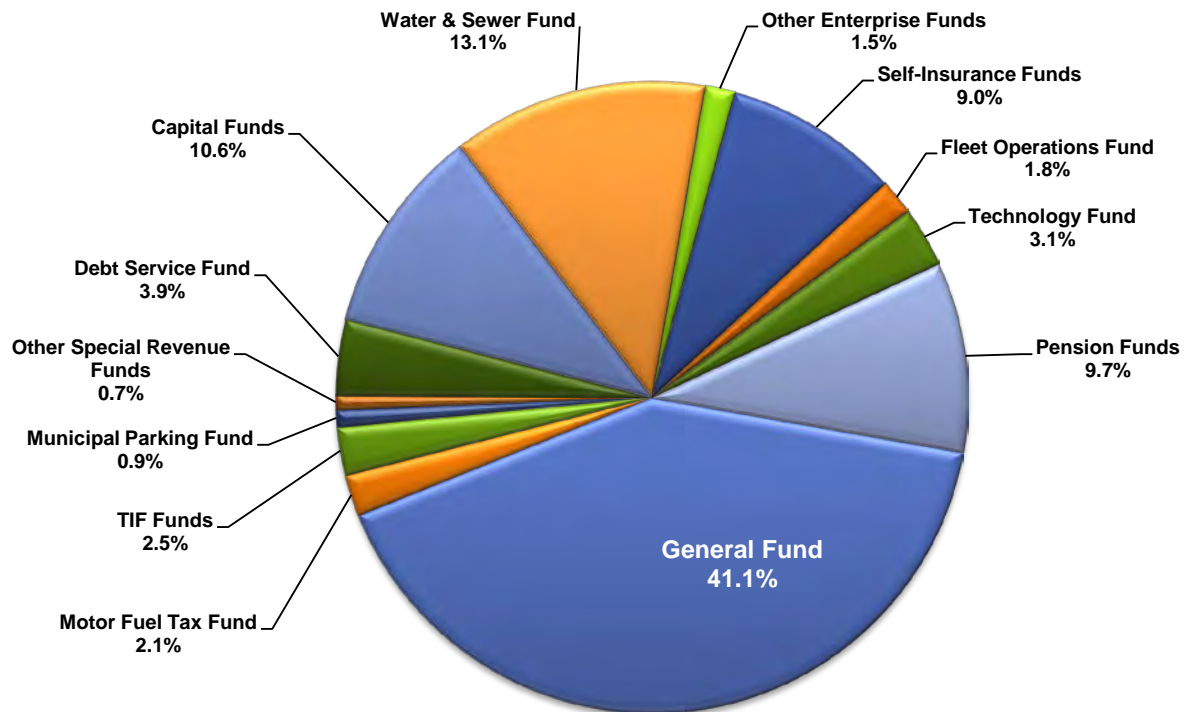
# ALL FUNDS REVENUES

## 2022 Budget



# ALL FUNDS EXPENDITURES

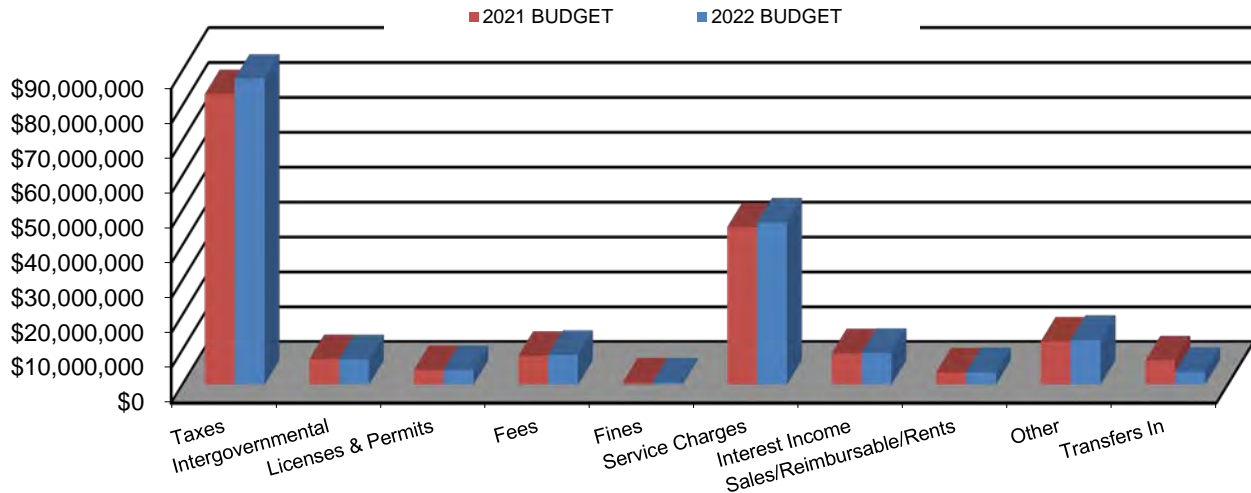
## 2022 Budget



# WHERE THE MONEY COMES FROM

## ALL FUNDS REVENUES

2021 Budget vs. 2022 Budget



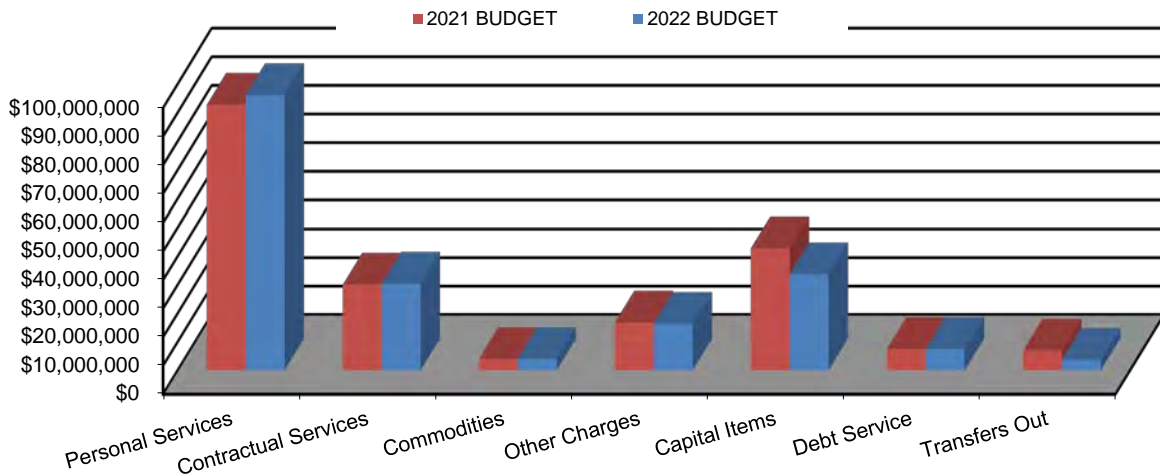
	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	% CHANGE
<b>Taxes</b>	83,106,534	81,872,977	83,186,900	<b>87,620,100</b>	5.3%
<b>Intergovernmental</b>	2,663,468	3,227,545	7,289,800	<b>7,263,500</b>	(0.4%)
<b>Licenses &amp; Permits</b>	4,834,759	3,372,026	4,177,000	<b>4,177,000</b>	0.0%
<b>Fees</b>	8,770,175	7,662,462	8,242,400	<b>8,519,300</b>	3.4%
<b>Fines</b>	558,423	434,247	621,100	<b>636,400</b>	2.5%
<b>Service Charges</b>	40,386,570	42,557,121	45,066,000	<b>46,409,400</b>	3.0%
<b>Interest Income</b>	46,105,661	33,099,655	8,976,300	<b>9,066,300</b>	1.0%
<b>Sales/Reimbursable/Rents</b>	5,462,984	4,474,880	3,504,400	<b>3,575,600</b>	2.0%
<b>Other</b>	24,644,071	28,865,561	12,369,200	<b>12,820,200</b>	3.6%
	216,532,645	205,566,474	173,433,100	<b>180,087,800</b>	3.8%
<b>Reserves</b>	0	0	61,000	<b>73,400</b>	20.3%
<b>Transfers In</b>	5,806,585	10,428,332	6,922,100	<b>3,693,300</b>	(46.6%)
<b>Total Revenues</b>	222,339,230	215,994,806	180,416,200	<b>183,854,500</b>	1.9%

NOTE: **Taxes** increased as a result of better performance in sales taxes. **Reserves** increased as a result of a special assessment for the Metropolis building. **Transfers In** decreased due to large, prior year one-time transfers to the Water & Sewer Fund and the Technology Fund.

# WHERE THE MONEY GOES

## ALL FUNDS EXPENDITURES

### 2021 Budget vs. 2022 Budget



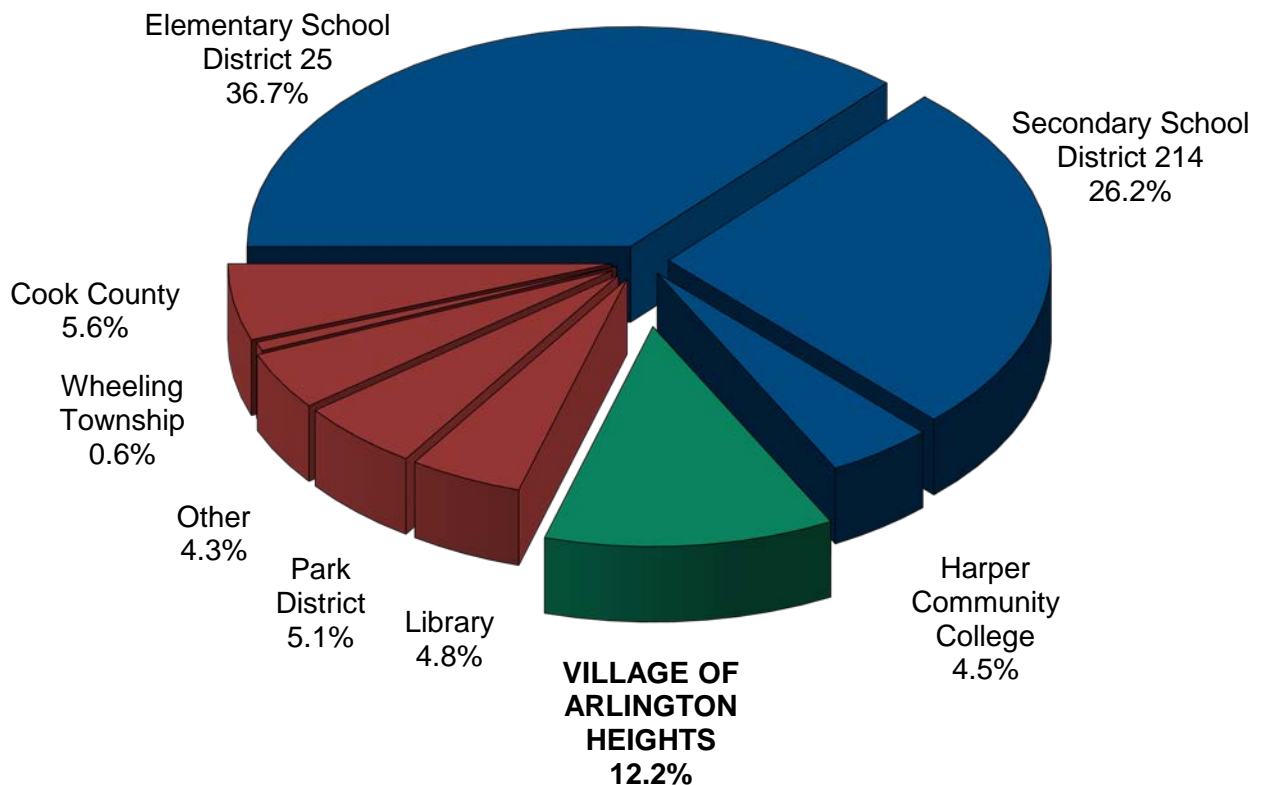
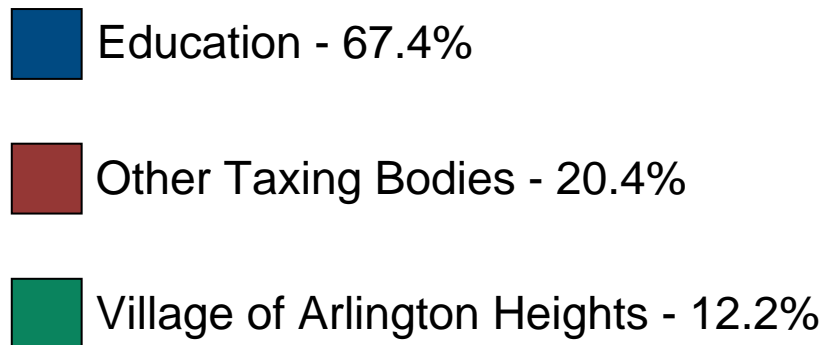
	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	% CHANGE
<b>Personal Services</b>	85,060,490	87,517,277	92,739,100	<b>96,031,800</b>	3.6%
<b>Contractual Services</b>	27,513,237	27,735,951	30,036,249	<b>30,349,900</b>	1.0%
<b>Commodities</b>	4,072,480	2,880,802	3,968,225	<b>3,979,900</b>	0.3%
<b>Other Charges</b>	15,974,173	13,082,756	16,755,292	<b>16,294,800</b>	(2.7%)
<b>Capital Items</b>	27,036,661	17,732,133	42,726,031	<b>33,632,000</b>	(21.3%)
<b>Debt Service</b>	17,254,423	7,667,546	7,483,600	<b>7,486,200</b>	0.0%
	176,911,464	156,616,465	193,708,497	<b>187,774,600</b>	(3.1%)
<b>Transfers Out</b>	5,444,570	10,278,332	6,922,100	<b>3,693,300</b>	(46.6%)
<b>Total Expenditures</b>	182,356,034	166,894,797	200,630,597	<b>191,467,900</b>	(4.6%)

NOTE: **Capital Items** decreased due to the completion in 2021 of some Storm Water Control Projects. **Transfers Out** decreased due to large, prior year one-time transfers to the Water & Sewer Fund and the Technology Fund.

# Arlington Heights

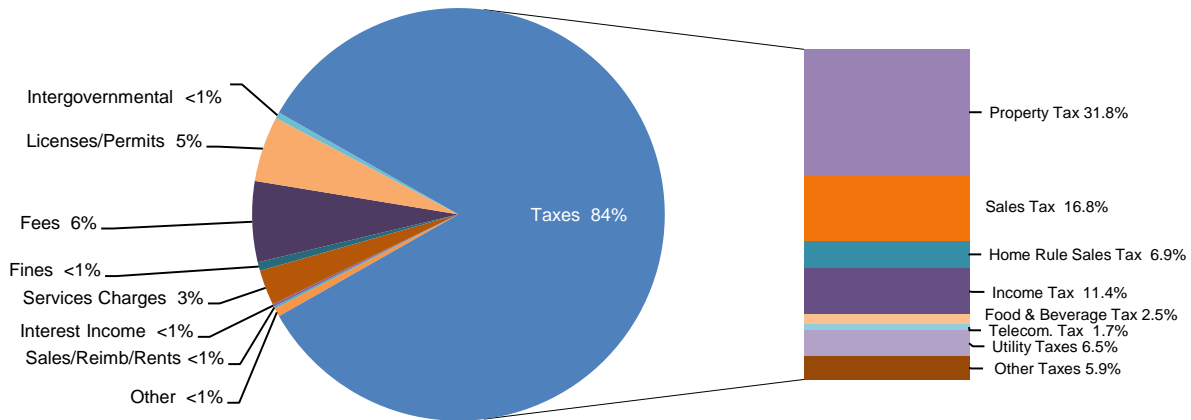
## 2020 PROPERTY TAX BILL

(Depicts the "most" common tax bill, assuming School District 25.  
Depends on School District and Township boundaries.)



AS THE ABOVE PIE CHART ILLUSTRATES, THE VILLAGE OF ARLINGTON HEIGHTS  
CONSISTS OF 12.2% OF THE ENTIRE PROPERTY TAX BILL.

# WHERE THE MONEY COMES FROM GENERAL FUND REVENUES 2022



	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	% CHANGE
<b>Taxes</b>	64,139,809	62,383,378	64,951,600	<b>68,000,500</b>	4.7%
<b>Intergovernmental</b>	321,524	1,204,293	382,300	<b>398,000</b>	4.1%
<b>Licenses &amp; Permits</b>	4,834,759	3,372,026	4,177,000	<b>4,177,000</b>	0.0%
<b>Fees</b>	5,398,268	4,789,468	5,213,600	<b>5,151,000</b>	(1.2%)
<b>Fines</b>	488,364	395,265	546,100	<b>546,100</b>	0.0%
<b>Service Charges</b>	2,112,976	2,141,521	2,203,800	<b>2,260,400</b>	2.6%
<b>Interest Income</b>	676,476	138,914	370,000	<b>160,000</b>	(56.8%)
<b>Sales/Reimb/Rents</b>	118,549	137,821	130,000	<b>125,000</b>	(3.8%)
<b>Other</b>	468,949	367,409	354,000	<b>358,100</b>	1.2%
<b>Other Financing</b>	200,000	350,000	200,000	<b>200,000</b>	0.0%
<b>Total Revenue</b>	<b>78,759,674</b>	<b>75,280,095</b>	<b>78,528,400</b>	<b>81,376,100</b>	3.6%

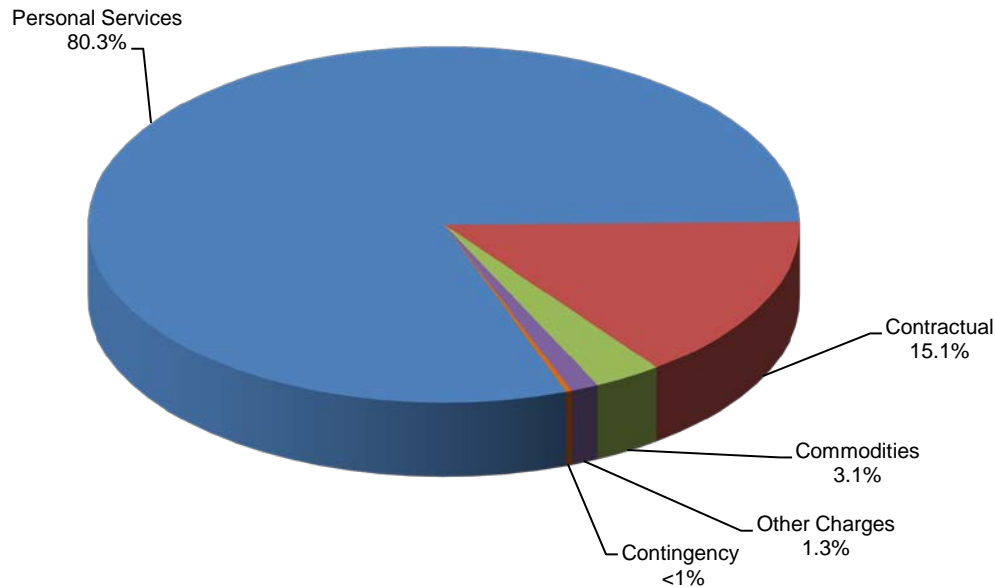
NOTE: **Interest Income** has been decreased to match actual earnings.



# WHERE THE MONEY GOES

## GENERAL FUND EXPENDITURES

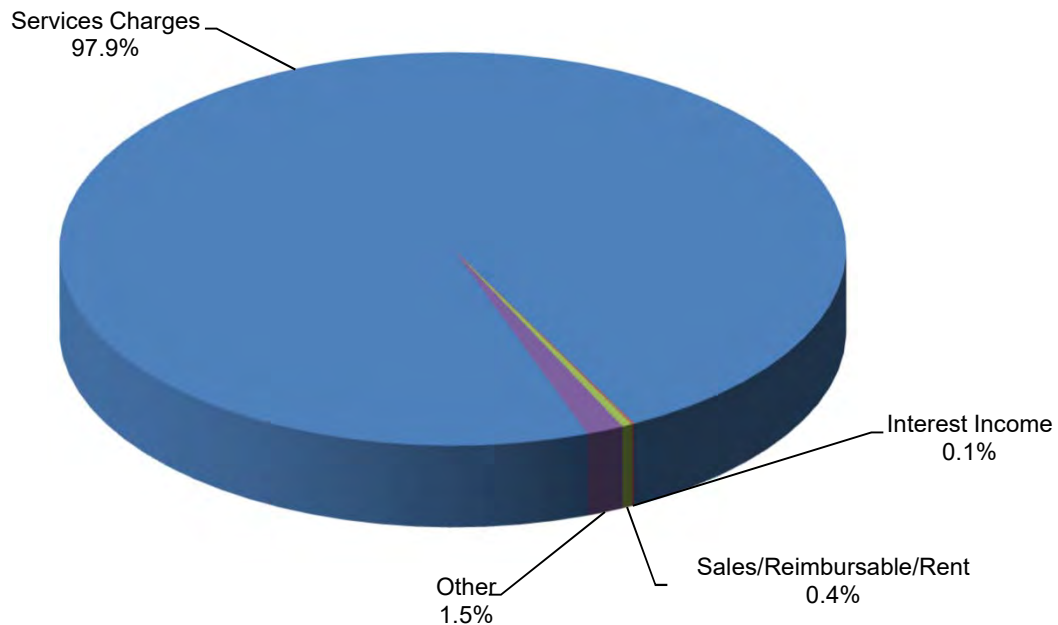
### 2022



	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	% CHANGE
<b>Personal Services</b>	60,136,434	61,434,656	63,683,500	<b>65,342,200</b>	2.6%
<b>Contractual Services</b>	11,571,570	11,349,113	12,050,003	<b>12,282,700</b>	1.9%
<b>Commodities</b>	2,470,770	1,972,364	2,520,475	<b>2,509,100</b>	(0.5%)
<b>Other Charges</b>	954,741	815,722	974,756	<b>1,042,100</b>	6.9%
<b>Contingency</b>	0	0	175,000	<b>200,000</b>	14.3%
<b>Transfers Out</b>	3,452,670	0	0	<b>0</b>	0.0%
<b>Total Expenditures</b>	<b>78,586,185</b>	<b>75,571,855</b>	<b>79,403,734</b>	<b>81,376,100</b>	<b>2.5%</b>

NOTE: **Other Charges** increased as a result of an increase in the budgets for sales tax abatements and the Library's portion of the Personal Property Replacement Tax. **Contingency** is budgeted each year but if used, is classified as an expenditure type. If not used it becomes part of available reserves. As of the date of this writing, the year ending December 31, 2021 budget shows that there is \$175,000 remaining of the \$200,000 contingency budget.

# WHERE THE MONEY COMES FROM WATER & SEWER FUND REVENUES 2022



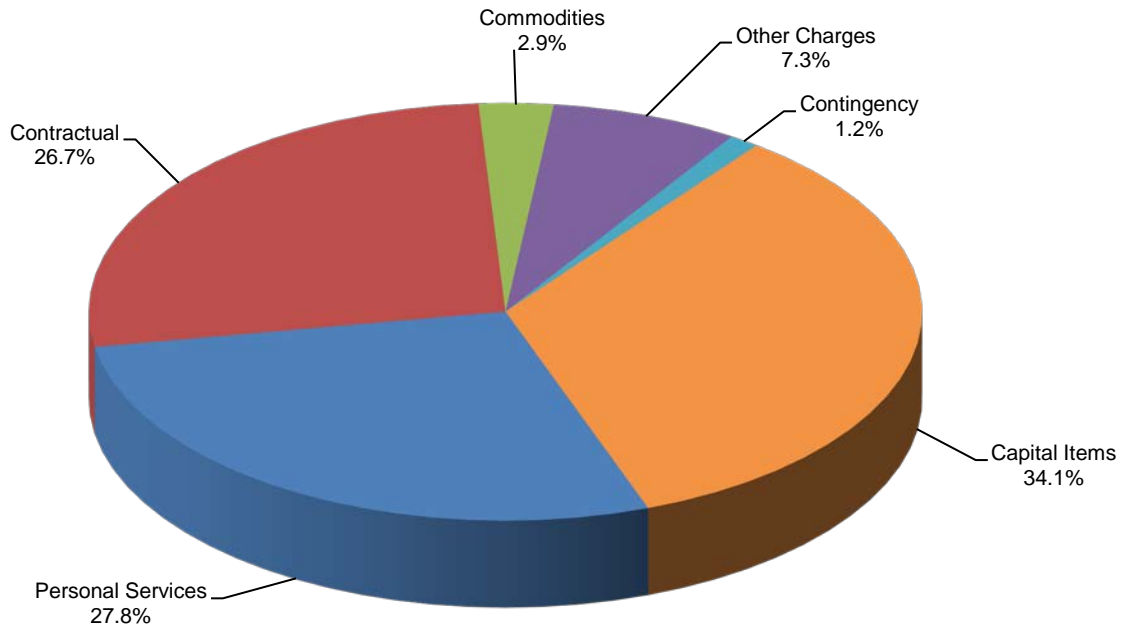
	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	% CHANGE
<b>Services Charges</b>	18,454,496	19,958,979	21,953,200	<b>22,275,200</b>	1.5%
<b>Interest Income</b>	43,175	4,489	20,000	<b>20,000</b>	0.0%
<b>Sales/Reimbursable/Rent</b>	144,533	52,274	98,000	<b>98,000</b>	0.0%
<b>Other</b>	1,578,435	1,599,007	20,000	<b>348,600</b>	1643.0%
<b>Transfers In</b>	45,882	9,045,232	2,500,000	<b>0</b>	0.0%
<b>Total Revenues</b>	<b>20,266,521</b>	<b>30,659,981</b>	<b>24,591,200</b>	<b>22,741,800</b>	<b>(7.5%)</b>

NOTE: **Service Charges** include sales for water and sewer service. Water consumption has been projected based on the anticipated usage, which has been trending lower. A combined water and sewer rate increase of 5% previously approved is effective as of January 1, 2022. **Other** increased from a budgeted Northwest Water Commission rebate.

# WHERE THE MONEY GOES

## WATER & SEWER FUND EXPENDITURES

### 2022



	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	% CHANGE
<b>Personal Services</b>	6,574,667	6,359,705	7,082,600	<b>7,219,600</b>	1.9%
<b>Contractual</b>	6,294,565	6,307,098	6,924,640	<b>6,912,900</b>	(0.2%)
<b>Commodities</b>	1,007,287	448,326	748,400	<b>751,100</b>	0.4%
<b>Other Charges</b>	1,716,928	1,715,054	1,836,500	<b>1,891,100</b>	3.0%
<b>Contingency</b>	0	0	300,000	<b>300,000</b>	0.0%
<b>Capital Items</b>	5,957,317	7,360,459	8,498,016	<b>8,849,600</b>	4.1%
<b>Total Expenditures</b>	<b>21,550,764</b>	<b>22,190,642</b>	<b>25,390,156</b>	<b>25,924,300</b>	<b>2.1%</b>

NOTES: **Contingency** is budgeted each year, but if used, is classified as an expenditure type. If not used it becomes part of available reserves. As of the date of this writing, the year ending December 31, 2021 budget shows that \$300,000 of the \$300,000 contingency budget remains.

# VILLAGE OF ARLINGTON HEIGHTS

## EMPLOYEE CENSUS

Ten Year Analysis

		8 Mon. Per.									
		Ending									
DEPARTMENT		FY2014	FY2015	Dec. 2015	2016	2017	2018	2019	2020	2021	2022
Integrated Services	Full-Time	6.00	5.00	11.00	11.00	11.00	10.00	10.00	11.00	11.00	12.00
	Part-Time	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources	Full-Time	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
	Part-Time	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	Full-Time	17.00	18.00	18.00	18.00	17.00	17.00	16.00	16.00	15.00	15.00
	Part-Time	1.00	0.00	0.00	0.00	1.00	1.00	2.00	2.00	3.00	3.00
IT/GIS	Full-Time	6.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	Full-Time	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00
	Part-Time	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police Grant	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	Full-Time	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
	Part-Time	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning & Comm Devlp	Full-Time	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Services	Full-Time	14.50	16.50	16.50	16.50	17.00	17.00	17.00	18.00	18.00	19.00
	Part-Time	3.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00
Health Services	Full-Time	9.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00
	Part-Time	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Services	Full-Time	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
	Part-Time	5.00	5.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Engineering	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	0.00	0.00	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works	Full-Time	42.00	42.00	42.00	42.00	42.00	41.00	51.00	51.00	51.00	51.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Utility Operations	Full-Time	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Services	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>Full-Time</b>	<b>417.00</b>	<b>419.00</b>	<b>420.00</b>	<b>420.00</b>	<b>420.00</b>	<b>418.00</b>	<b>417.00</b>	<b>419.00</b>	<b>418.00</b>	<b>420.00</b>
	<b>Part-Time</b>	<b>20.00</b>	<b>16.00</b>	<b>14.00</b>	<b>14.00</b>	<b>16.00</b>	<b>17.00</b>	<b>18.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>
<b>TOTAL EMPLOYEES</b>		<b>437.00</b>	<b>435.00</b>	<b>434.00</b>	<b>434.00</b>	<b>436.00</b>	<b>435.00</b>	<b>435.00</b>	<b>436.00</b>	<b>435.00</b>	<b>437.00</b>
<b>INCREASE (DECREASE)</b>		<b>0.00</b>	<b>(2.00)</b>	<b>(1.00)</b>	<b>0.00</b>	<b>2.00</b>	<b>(1.00)</b>	<b>0.00</b>	<b>1.00</b>	<b>(1.00)</b>	<b>2.00</b>
<b>FULL-TIME EQUIVALENTS (FTE)</b>		<b>427.25</b>	<b>427.25</b>	<b>427.25</b>	<b>427.25</b>	<b>428.25</b>	<b>426.75</b>	<b>426.25</b>	<b>427.75</b>	<b>426.50</b>	<b>428.50</b>
<b>INCREASE (DECREASE)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>(1.50)</b>	<b>(0.50)</b>	<b>1.50</b>	<b>(1.25)</b>	<b>2.00</b>

(1) The reduction in Engineering staff is the result of the department merging into Public Works.

(2) A part-time employee is shared between Public Works and Water Utility Operations and is shown only in Public Works so as not to skew the total count.

VILLAGE OF ARLINGTON HEIGHTS  
**EXPENDITURES AND STAFFING**  
**SUMMARY BY OPERATION 2022**

OPERATION	STAFFING			EXPENDITURES			
	2021 Budget	2022 Budget	Inc (Dec)	2021 Budget	2022 Budget	\$ Inc (Dec)	% Inc (Dec)
Board of Trustees	0.00	0.00		\$178,900	\$176,200	(\$2,700)	(1.5%)
Integrated Services	11.50	12.50	1.00	7,139,355	3,923,100	(3,216,255)	(45.0%)
Human Resources	4.00	4.00		16,843,500	17,311,200	467,700	2.8%
Legal	1.75	1.75		744,700	716,100	(28,600)	(3.8%)
Finance	16.50	16.50		3,836,500	3,659,000	(177,500)	(4.6%)
Boards & Commissions	0.00	0.00		253,728	195,700	(58,028)	(22.9%)
Metropolis Theater	0.00	0.00		370,000	388,400	18,400	5.0%
Police/Police Grant	139.00	139.00		28,063,953	28,765,000	701,047	2.5%
Fire	110.00	110.00		24,343,784	24,901,300	557,516	2.3%
Planning & Community Development	10.00	10.00		7,539,024	6,806,100	(732,924)	(9.7%)
Building Services	18.00	19.00	1.00	2,815,300	3,036,200	220,900	7.8%
Health & Human Services	13.25	13.25		2,475,900	2,530,700	54,800	2.2%
Public Works	51.25	51.25		38,152,824	33,198,900	(4,953,924)	(13.0%)
Criminal Investigations	0.00	0.00		346,758	789,900	443,142	127.8%
Foreign Fire Insurance Tax	0.00	0.00		250,000	250,000	0	0.0%
Comm Development Block Grant Progr:	0.00	0.00		886,550	814,900	(71,650)	(8.1%)
Water Utility Operations	40.75	40.75		16,831,028	16,820,400	(10,628)	(0.1%)
Parking Operations	0.00	0.00		695,600	670,200	(25,400)	(3.7%)
Solid Waste Disposal	0.00	0.00		1,580,300	1,643,100	62,800	4.0%
Municipal Fleet Services	10.50	10.50		2,599,600	2,507,600	(92,000)	(3.5%)
Pensions	0.00	0.00		18,684,600	19,374,000	689,400	3.7%
Capital Projects - Water/Sewer	0.00	0.00		7,141,728	7,647,300	505,572	7.1%
Capital Projects - Equipment	0.00	0.00		1,856,498	2,562,100	705,602	38.0%
Capital Projects - Public Buildings	0.00	0.00		123,967	0	(123,967)	(100.0%)
Debt Service	0.00	0.00		7,483,600	7,486,200	2,600	0.0%
Sub-Total	426.50	428.50	2.00	\$191,237,697	\$186,173,600	(\$5,064,097)	(2.6%)
Non-Operating & Transfers Out	N/A	N/A	N/A	9,392,900	5,294,300	(4,098,600)	(43.6%)
<b>TOTAL</b>	<b>426.50</b>	<b>428.50</b>	<b>2.00</b>	<b>\$200,630,597</b>	<b>\$191,467,900</b>	<b>(\$9,162,697)</b>	<b>(4.6%)</b>

## VILLAGE OF ARLINGTON HEIGHTS

**INTERFUND TRANSFERS 2022**

FUND	IN	OUT	PURPOSE
101 General (Corporate) Fund	200,000		SWANCC (from Fund 511)
	<u>\$ 200,000</u>	<u>\$ -</u>	
301 Debt Service Fund	693,300		Storm Water Control (from 426)
	<u>\$ 693,300</u>	<u>\$ -</u>	
401 Capital Projects Fund	300,000		SWANCC (from Fund 511)
		2,500,000	Fleet Fund (to Fund 621)
	<u>\$ 300,000</u>	<u>\$ 2,500,000</u>	
426 Storm Water Control Fund		693,300	Debt Service for GO Bond (to Fund 301)
	<u>\$ -</u>	<u>\$ 693,300</u>	
511 SWANCC Fund		200,000	General Fund (to Fund 101)
		300,000	Capital Projects (to Fund 401)
	<u>\$ -</u>	<u>\$ 500,000</u>	
621 Fleet Fund	2,500,000		Capital Projects Fund (from Fund 401)
	<u>\$ 2,500,000</u>	<u>\$ -</u>	
<b>TOTAL</b>	<u><b>\$ 3,693,300</b></u>	<u><b>\$ 3,693,300</b></u>	

## VILLAGE OF ARLINGTON HEIGHTS

### CAPITAL IMPROVEMENT PROGRAM SUMMARY

The Village of Arlington Heights prepares annually a Capital Improvement Program (CIP) for the five-year period beginning with the next fiscal year. The CIP is a planning document which is reviewed by the Village Board and is prepared by the Village Manager and Finance Director with the assistance of all Department Heads. Included are capital expenditures projected to cost in excess of \$10,000 and have an expected lifetime of one or more years. The CIP is subject to further review and approval by the Village Board during the final budget process, based on available resources and expenditure requirements of the operations budget. What follows is a summary of all CIP expenditures and projects included in the 2022 budget.

### CAPITAL SPENDING

Building & Land	\$ 4,977,800
Equipment	2,733,800
Signals	169,100
Storm Water Control	3,822,000
Streets	12,131,400
Sewer	475,000
Vehicles	2,562,100
Water	<u>7,172,300</u>
<b>TOTAL</b>	<b><u><u>\$ 34,043,500</u></u></b>

### CAPITAL FUNDING

Capital Projects Fund	\$ 9,431,700
Motor Fuel Tax Fund	4,116,800
Storm Water Control Fund	3,822,000
Water & Sewer Fund	8,849,600
Municipal Parking Operations Fund	611,500
TIF Funds	3,790,000
Arts, Entertainment & Events Fund	106,500
Fleet Operations Fund	2,562,100
Technology Fund	241,800
Criminal Investigation Fund	411,500
Foreign Fire Insurance Tax Fund	<u>100,000</u>
<b>TOTAL</b>	<b><u><u>\$ 34,043,500</u></u></b>

# CAPITAL IMPROVEMENT PROGRAM (CIP) FIVE YEAR SPENDING AND FUNDING SUMMARY

			2021	2021	2022	2023	2024	2025	2026
CAPITAL SPENDING	FUND	PROJ #	EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Building & Land									
Parking Structure Maintenance/Repairs	Parking	BL-00-06	289,000	289,000	548,500	920,400	296,500	594,500	0
Police Station - Architect	Cap Proj	BL-16-01	0	0	124,000	0	0	0	0
Police Station - Architect	Pub Bld	BL-16-01	0	123,967	0	0	0	0	0
TIF IV Redevelopment	TIF IV	BL-16-05	525,000	500,000	1,500,000	500,000	500,000	500,000	500,000
Metropolis Theater - Replace Flooring MPAC	A&E	BL-17-06	40,000	36,000	0	0	0	0	0
Hickory Kensington TIF District Redevelopment	TIF HK	BL-18-01	700,000	1,500,000	1,025,000	500,000	500,000	500,000	500,000
IRMA Compliance Upgrades	Water	BL-19-02	5,200	5,222	0	0	0	0	0
LED Parking Garage Lighting Conversions	Parking	BL-19-03	97,200	97,247	48,000	48,000	0	0	0
Downtown Parking Signs	Parking	BL-19-06	95,000	90,878	0	0	0	0	0
Senior Center Study	Cap Proj	BL-20-02	60,000	60,000	0	0	0	0	0
Seized Vehicle & Long-Term Bulk Evidence Storage Struc.	Crim Inv	BL-21-01	0	0	0	362,300	0	0	0
Municipal Parking Lot Improvements	Parking	BL-21-02	0	0	0	200,000	30,000	25,000	90,000
TIF V Redevelopment	TIF V	BL-21-03	1,400,000	2,000,000	850,000	0	0	0	0
Electric Vehicle Charging	Cap Proj	BL-22-01	0	0	35,000	37,000	0	38,000	0
Overhead Door Replacement/Repair	Cap Proj	BL-90-04	20,000	20,000	20,000	20,000	35,000	30,000	30,000
Overhead Door Replacement/Repair	Water	BL-90-04	0	10,000	10,000	10,000	10,000	10,000	10,000
Public Works Annex Improvements	Cap Proj	BL-93-02	10,000	10,000	24,000	10,000	10,000	10,000	10,000
Public Works Annex Improvements	Water	BL-93-02	0	20,000	19,000	19,000	19,000	350,000	19,000
Building Equipment Replacement	Cap Proj	BL-95-04	30,000	30,000	27,900	107,500	38,000	30,000	30,000
Municipal Buildings Refurbishing	Cap Proj	BL-95-05	63,000	63,015	316,400	178,200	40,000	100,000	120,000
Municipal Buildings Refurbishing	Fleet	BL-95-05	53,000	53,000	0	0	0	0	0
Roof Maintenance Program	Cap Proj	BL-95-06	0	0	0	515,000	600,000	492,500	653,000
Roof Maintenance Program	Water	BL-95-06	0	0	0	0	600,000	492,500	0
Heating Plant/Air Conditioner Replacement	Cap Proj	BL-96-01	81,000	65,000	240,000	75,000	95,000	130,000	85,000
Ongoing Maintenance to Brick Exteriors	Cap Proj	BL-96-03	38,700	38,650	160,000	30,000	30,000	40,000	40,000
Ongoing Maintenance to Brick Exteriors	Parking	BL-96-03	10,000	10,000	5,000	5,000	5,000	5,000	5,000
Historical Society Museum - Building Repairs	Cap Proj	BL-96-04	66,300	66,300	25,000	25,000	45,000	45,000	25,000
Sub-Total Building & Land			3,583,400	5,088,279	4,977,800	3,562,400	2,853,500	3,392,500	2,117,000
Equipment									
Operational Equipment - Public Works	Cap Proj	EQ-94-01	49,700	49,700	38,400	50,000	396,700	108,000	83,700
Operational Equipment - Public Works	Water	EQ-94-01	193,700	193,666	108,000	112,000	142,000	159,000	111,000
Operational Equipment - Police Department	Cap Proj	EQ-95-01	57,800	57,775	46,000	261,000	47,000	47,000	47,000
Operational Equipment - Police Department	Crim Inv	EQ-95-01	100,000	100,000	100,000	100,000	160,000	127,000	127,000
Operational Equipment - Fire Department	Cap Proj	EQ-95-02	77,500	121,202	277,000	321,000	326,500	919,000	140,000
Operational Equipment - Fire Department	FFIT	EQ-95-02	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Office Equipment	Cap Proj	EQ-95-03	128,600	133,565	88,000	45,000	35,000	30,000	30,000
Office Equipment	Water	EQ-95-03	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Operational Equipment - Municipal Fleet Services	Cap Proj	EQ-97-01	78,200	78,200	38,200	3,500	61,000	91,000	67,000
IT Equipment Replacement	IT	EQ-97-08	245,500	245,540	241,800	241,800	241,800	241,800	241,800
Emergency Generator Upgrades and Replacement	Water	EQ-99-02	0	922,400	922,400	521,900	0	0	0
Operational Equipment - Information Technology	Cap Proj	EQ-01-03	126,500	126,500	141,500	191,500	126,500	126,500	126,500
Metropolis Theater Capital Equipment	A&E	EQ-06-03	39,000	39,000	40,000	41,000	42,000	43,000	44,000
Patrol Vehicle Equipment Replacement Program	Cap Proj	EQ-08-03	30,000	30,000	51,600	34,400	60,200	43,000	51,600
Patrol Vehicle Equipment Replacement Program	Crim Inv	EQ-08-03	11,500	11,500	11,500	0	12,000	0	0
Operational Equipment - Municipal Parking Fund	Parking	EQ-09-01	10,000	10,000	10,000	10,000	10,000	10,000	10,000
SCADA Enhancements	Water	EQ-15-25	61,500	61,500	63,300	65,200	30,000	75,000	61,500
Pumps & Motor Controls Rehab and Replacement	Water	EQ-15-30	128,500	128,500	64,600	94,600	90,000	100,000	60,000
Metropolis Theater Clearcom Equipment	A&E	EQ-17-03	0	0	12,000	0	0	0	0
Metropolis Theater Replace Smoke Detectors	A&E	EQ-17-10	25,000	25,000	0	0	0	0	0
Metropolis Theater LED Series 2	A&E	EQ-17-11	0	0	27,500	0	0	0	0
Lighting Fixtures in Theater	A&E	EQ-18-03	0	0	0	35,000	35,000	0	0
Wireless Microphones	A&E	EQ-18-05	0	0	14,000	0	0	0	0
Village ERP Software Replacement	IT	EQ-19-04	2,551,000	4,018,965	0	0	0	0	0
Phone System Upgrade	Cap Proj	EQ-21-01	175,000	175,000	0	0	0	0	0
Metropolis Theater - Wireless Headsets/Base	A&E	EQ-21-03	0	0	13,000	0	0	0	0
A/V System Upgrades	Cap Proj	EQ-21-02	227,800	227,800	0	120,000	0	0	0
Body Worn CamerasDash Cams	Crim Inv	EQ-22-01	0	0	300,000	300,000	300,000	300,000	300,000
Metropolis Theater Building Infrastructure Updates	A&E	EQ-22-02	0	0	0	30,000	30,000	65,000	65,000
Electric Vehicle Fleet Upgrades	Cap Proj	EQ-22-03	0	0	10,000	8,000	8,500	40,000	25,000
Sub-Total Equipment			4,431,800	6,870,813	2,733,800	2,700,900	2,269,200	2,640,300	1,706,100
Signals									
Traffic Signal Maintenance	MFT	SG-03-02	114,500	114,500	116,800	119,100	121,400	123,700	126,200
Traffic Signal Improvements at Northwest Hwy/Wilke Rd	Cap Proj	SG-08-02	0	36,211	0	0	0	0	0
Traffic Signal Pedestrian Upgrade - Central Rd/Arthur Ave	Cap Proj	SG-14-10	0	52,260	52,300	0	0	0	0
Algonquin Rd. and New Wilke Rd Intersection Impr.	Cap Proj	SG-17-01	43,600	123,641	0	35,000	380,000	0	0
Pedestrian/Bicycle crossing Lake-Cook Rd./Wilke Rd.	Cap Proj	SG-18-01	30,000	67,400	0	0	0	0	0
Sub-Total Signals			188,100	394,012	169,100	154,100	501,400	123,700	126,200



# CAPITAL IMPROVEMENT PROGRAM (CIP) FIVE YEAR SPENDING AND FUNDING SUMMARY

			2021	2021	2022	2023	2024	2025	2026
CAPITAL SPENDING			FUND	PROJ #	EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
<b>Streets</b>									
Street Light Cable Replacement	Cap Proj	ST-00-01			10,000	10,000	10,000	20,000	20,000
Paver Brick Maintenance	Cap Proj	ST-05-01			457,100	457,100	400,000	100,000	100,000
Downtown Street Furniture	Cap Proj	ST-14-01			15,200	15,211	10,000	10,000	10,000
Downtown Streetscape Improvements	Cap Proj	ST-15-35			0	200,000	200,000	95,000	0
Northwest Highway (Rt. 14) Corridor Landscaping Impr.	Cap Proj	ST-16-20			114,900	114,871	75,000	77,000	0
Davis Street/Sigwalt Street Fencing/Landscape Upgrade	Cap Proj	ST-17-02			9,000	9,000	0	0	0
Rand Road Corridor Identification Enhancement	Cap Proj	ST-17-20			237,200	237,200	140,400	226,200	43,000
Rand Road Corridor Identification Enhancement	TIF V	ST-17-20			342,500	342,469	233,000	28,800	101,800
Downtown Outdoor Living Room	Cap Proj	ST-17-25			0	0	20,000	0	0
Downtown Light Ceiling	Cap Proj	ST-17-26			0	0	0	0	0
Kensington Road & Multi-Use Path Improvements	Cap Proj	ST-18-01			200,000	300,000	0	0	0
Surface Treatment - Streets	Cap Proj	ST-18-02			150,000	150,000	300,000	300,000	300,000
LED Street Lighting Conversions	Cap Proj	ST-19-01			64,000	64,000	64,000	64,000	64,000
South Arlington Heights Road Corridor	Cap Proj	ST-19-03			13,100	13,136	0	0	0
South Arlington Heights Road Corridor	TIF S AH Rd	ST-19-03			105,400	55,800	55,000	0	0
Bike Plan/Bike Route Pavement Marking	Cap Proj	ST-19-04			0	20,000	20,000	20,000	20,000
Windsor Drive Road Diet	Cap Proj	ST-21-01			50,000	50,000	0	0	0
Weber Dr/Old Wilke Rd Street Reconstruction	Cap Proj	ST-21-02			25,000	52,000	32,000	160,000	0
Wilke Road Resurfacing & Multi-Use Path Extension	Cap Proj	ST-21-03			50,000	75,000	170,000	855,000	0
Sustainable Bike Plan Improvements	Cap Proj	ST-22-01			0	0	15,000	0	0
Vail Ave Permeable Paver Match	Cap Proj	ST-22-02			0	0	0	235,000	48,000
Other Sustainable Initiatives	Cap Proj	ST-22-03			0	0	45,000	0	0
Street Program	Cap Proj	ST-90-08			5,000,000	6,517,367	5,600,000	5,600,000	5,600,000
Street Rehabilitation Program	MFT	ST-90-09			4,117,700	4,117,720	4,000,000	3,800,000	3,800,000
Sidewalk & Curb Replacement	Cap Proj	ST-90-11			405,000	405,000	415,000	425,000	435,000
Pavement Crack Sealing Program	Cap Proj	ST-92-01			200,000	200,000	200,000	200,000	200,000
Green Corridor Beautification	TIF IV	ST-99-03			0	0	127,000	0	0
<b>Sub-Total Streets</b>					<b>11,566,100</b>	<b>13,405,874</b>	<b>12,131,400</b>	<b>12,206,000</b>	<b>10,741,800</b>
								<b>10,809,000</b>	<b>10,569,000</b>
<b>Sewers</b>									
Sewer Rehab/Replacement Program	Water	SW-90-01			485,000	485,450	475,000	475,000	475,000
Area F - Forrest Ave Stormwater Improvements	Storm Water	SW-21-01			0	0	0	1,200,000	0
Manhole Rehabilitation	Water	SW-20-04			0	0	0	25,000	50,000
St. Ponding Area - Race Ave & Chicago Ave	Storm Water	SW-20-03			0	0	0	800,000	0
Area C/SE - Hintz Rd W of AH Rd	Storm Water	SW-20-02			0	216,566	0	0	0
Area C/NW Burr Oak Burning Tree & C/SE Berkley/Hintz	Storm Water	SW-20-01			50,000	2,285,000	2,672,000	0	0
Greenbriar/ Roanoke/ Wilke	Storm Water	SW-18-03			3,484,900	3,484,942	0	0	0
Storm Water Control - Cypress Detention Basin/Lift Station	Storm Water	SW-18-02			109,200	109,168	0	0	0
Enhanced Overhead Sewer Program	Storm Water	SW-18-01			250,000	250,000	250,000	135,000	135,000
Storm Sewer Rehab/Replacement Program	Storm Water	SW-15-20			1,458,600	1,458,618	500,000	500,000	500,000
Backyard Drainage Improvements	Storm Water	SW-11-02			263,000	400,000	400,000	0	300,000
<b>Sub-Total Sewers</b>					<b>6,100,700</b>	<b>8,689,744</b>	<b>4,297,000</b>	<b>2,335,000</b>	<b>2,260,000</b>
								<b>1,400,000</b>	<b>1,400,000</b>
<b>Vehicles</b>									
Vehicle and Special Equipment Repl. - Public Works	Fleet	VH-95-01			1,156,700	1,156,661	745,100	1,241,300	897,100
Vehicle and Special Equipment Repl. - Water & Sewer	Fleet	VH-95-02			118,900	118,936	311,900	30,100	501,700
Vehicle Replacement - Police Department	Fleet	VH-95-03			365,700	365,701	283,600	210,400	526,800
Vehicle Replacement - Fire Department	Fleet	VH-95-04			58,200	58,200	1,179,200	1,598,500	710,500
Vehicle Replacement - Municipal Fleet Services	Fleet	VH-95-06			48,000	48,000	0	0	58,500
Vehicle Replacement - Municipal Parking Operations	Fleet	VH-95-08			109,000	109,000	0	0	0
Vehicle Replacement - Building & Health Services Dept.	Fleet	VH-95-10			0	0	42,300	119,700	0
Vehicle Replacement - Planning	Fleet	VH-95-12			0	0	0	0	25,500
<b>Sub-Total Vehicles</b>					<b>1,856,500</b>	<b>1,856,498</b>	<b>2,562,100</b>	<b>3,200,000</b>	<b>2,720,100</b>
								<b>5,074,800</b>	<b>2,068,500</b>
<b>Water</b>									
Residential Meter & AMR System Replacement	Water	WA-03-02			9,200	9,180	1,037,300	1,050,000	1,050,000
Water Tank Repainting	Water	WA-11-01			2,093,000	1,820,000	1,715,000	1,816,800	727,600
Deep Well Rehabilitation	Water	WA-11-02			0	0	0	15,000	15,000
Commercial Meter Replacements	Water	WA-20-01			0	0	300,000	300,000	300,000
Risk & Resiliency Plan	Water	WA-21-01			786,000	786,000	20,000	85,600	21,200
Watermain Replacement Program	Water	WA-90-01			4,041,100	4,041,098	4,100,000	4,100,000	4,100,000
<b>Sub-Total Water</b>					<b>6,929,300</b>	<b>6,656,278</b>	<b>7,172,300</b>	<b>7,367,400</b>	<b>6,213,800</b>
								<b>6,940,700</b>	<b>6,189,700</b>
					<b>34,655,900</b>	<b>42,961,498</b>	<b>34,043,500</b>	<b>31,525,800</b>	<b>27,559,800</b>
								<b>30,381,000</b>	<b>24,176,500</b>

## CAPITAL IMPROVEMENT PROGRAM (CIP) FIVE YEAR SPENDING AND FUNDING SUMMARY

<b>CAPITAL FUNDING BY FUND</b>	<b>2021 EST ACTUAL</b>	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>2023 BUDGET</b>	<b>2024 BUDGET</b>	<b>2025 BUDGET</b>	<b>2026 BUDGET</b>
Capital Projects Fund	8,394,200	10,522,104	<b>9,431,700</b>	10,444,300	9,174,400	9,159,000	8,332,800
Water & Sewer Fund	7,818,200	8,498,016	<b>8,849,600</b>	8,705,100	7,644,800	8,667,200	6,991,200
Motor Fuel Tax Fund	4,232,200	4,232,220	<b>4,116,800</b>	3,919,100	3,921,400	3,923,700	3,926,200
Criminal Investigation Fund	111,500	111,500	<b>411,500</b>	762,300	472,000	427,000	427,000
Municipal Parking Operations Fund	501,200	497,125	<b>611,500</b>	1,183,400	341,500	634,500	105,000
TIF Funds	3,072,900	4,398,269	<b>3,790,000</b>	1,028,800	1,101,800	1,170,000	1,000,000
Storm Water Control Fund	5,615,700	8,204,294	<b>3,822,000</b>	1,835,000	1,735,000	875,000	875,000
Public Buildings Fund	0	123,967	<b>0</b>	0	0	0	0
Arts, Entertainment & Events Fund	104,000	100,000	<b>106,500</b>	106,000	107,000	108,000	109,000
Fleet Operations Fund	1,909,500	1,909,498	<b>2,562,100</b>	3,200,000	2,720,100	5,074,800	2,068,500
Technology Fund	2,796,500	4,264,505	<b>241,800</b>	241,800	241,800	241,800	241,800
Foreign Fire Insurance Tax Fund	100,000	100,000	<b>100,000</b>	100,000	100,000	100,000	100,000
<b>Total Capital Funding</b>	<b>34,655,900</b>	<b>42,961,498</b>	<b>34,043,500</b>	<b>31,525,800</b>	<b>27,559,800</b>	<b>30,381,000</b>	<b>24,176,500</b>

<b>CAPITAL FUNDING BY REVENUE SOURCE</b>	<b>2021 EST ACTUAL</b>	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>2023 BUDGET</b>	<b>2024 BUDGET</b>	<b>2025 BUDGET</b>	<b>2026 BUDGET</b>
Charges to Operations	4,706,000	6,174,003	<b>2,803,900</b>	3,441,800	2,961,900	5,316,600	2,310,300
Motor Fuel Tax Allotment	3,000,000	3,000,000	<b>3,000,000</b>	3,000,000	3,000,000	3,000,000	3,000,000
Taxes							
Food & Beverage Tax	104,000	100,000	<b>106,500</b>	106,000	107,000	108,000	109,000
Property Tax	4,400,000	4,400,000	<b>5,250,000</b>	5,400,000	5,600,000	5,700,000	5,800,000
Property Tax Increment	3,072,900	4,398,269	<b>3,790,000</b>	1,028,800	1,101,800	1,170,000	1,000,000
Home Rule Sales Tax	1,829,900	1,645,000	<b>1,884,800</b>	1,941,300	1,999,500	2,059,500	2,121,300
Water Sales	7,818,200	8,498,016	<b>8,849,600</b>	8,705,100	7,644,800	8,667,200	6,991,200
Other (including parking fees & interest income)	6,909,000	8,493,519	<b>4,226,800</b>	3,812,300	2,866,700	2,300,200	1,775,200
Grants/State/Federal/County/Private	5,036,300	6,036,300	<b>6,036,300</b>	0	0	0	0
Cash on Hand/Reserves	(2,220,400)	216,391	<b>(1,904,400)</b>	4,090,500	2,278,100	2,059,500	1,069,500
<b>Total Capital Funding</b>	<b>34,655,900</b>	<b>42,961,498</b>	<b>34,043,500</b>	<b>31,525,800</b>	<b>27,559,800</b>	<b>30,381,000</b>	<b>24,176,500</b>

## **CAPITAL IMPROVEMENT PROGRAM (CIP) IMPACT ON THE 2022 OPERATING BUDGET**

Most of the capital improvement projects listed in the Village's CIP ***Five Year Spending and Funding Summary*** will not cause an increase or a decrease in operating expenses. There are two projects, however, that will affect operating expenses. Details on these projects:

### **STREETS**

**Project Name:** LED Street Light Conversions

**Description:** Replacement of current street lights with efficient LED lights.

**Budget:** \$64,000 per year

**Operating Budget Impact:** Additional overtime by Public Works personnel will be required to install these new lights. The 2022 Budget includes an annual increase in Public Works overtime. However, the new LED lights will last much longer and use less energy, reducing long-term electricity and labor costs.

### **WATER**

**Project Name:** Watermain Replacement Program

**Description:** Replacement of aging watermain throughout the Village.

**Budget:** \$4,100,000

**Operating Budget Impact:** By increasing the annual funding for the annual watermain replacement over the next few years, the Village should be able to reduce overtime costs for broken watermain calls.

# DEBT SUMMARY

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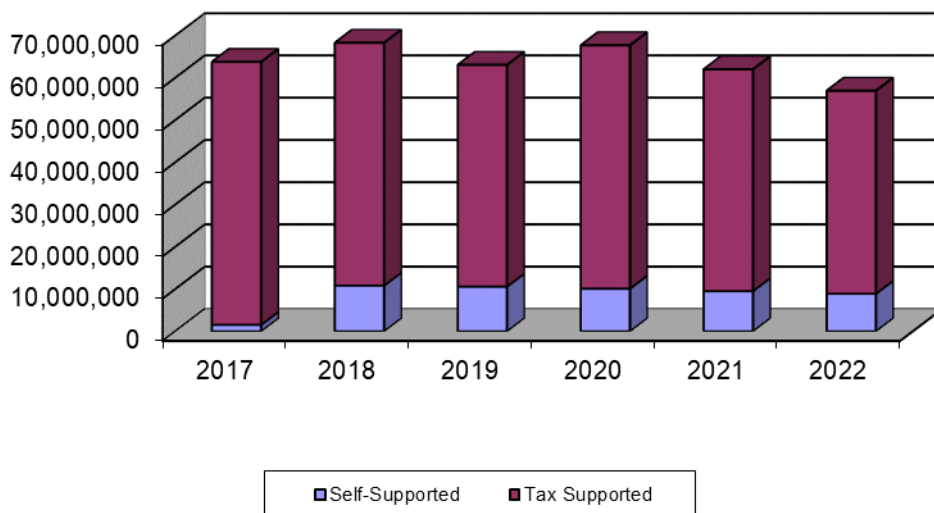
## OVERVIEW AND DEBT FINANCING PRINCIPLES

The Village of Arlington Heights has historically taken a conservative approach to debt financing. The goal of the Village's debt policy is to maintain the ability to provide high quality essential village services in a cost-effective manner. Policy makers weigh this goal against maintaining the ability to borrow at the lowest possible rates. The Village has used the following guidelines before financing projects with long-term debt:

- Staff conservatively projects the revenue sources to pay off the debt.
- The financing of the improvement will not exceed its useful life.
- The benefits of the improvement must outweigh its costs, including the interest costs of financing.

Through the application of these guidelines, the Village Board tests any demand on debt financing. Furthermore, the Village uses debt only to provide financing for essential and necessary capital projects. The chart below shows a brief history of the Village's outstanding bond debt.

**VILLAGE OF ARLINGTON HEIGHTS**  
**Outstanding Bond Debt (Principal Only)**  
**Fiscal Years Ending 2017 through 2022**

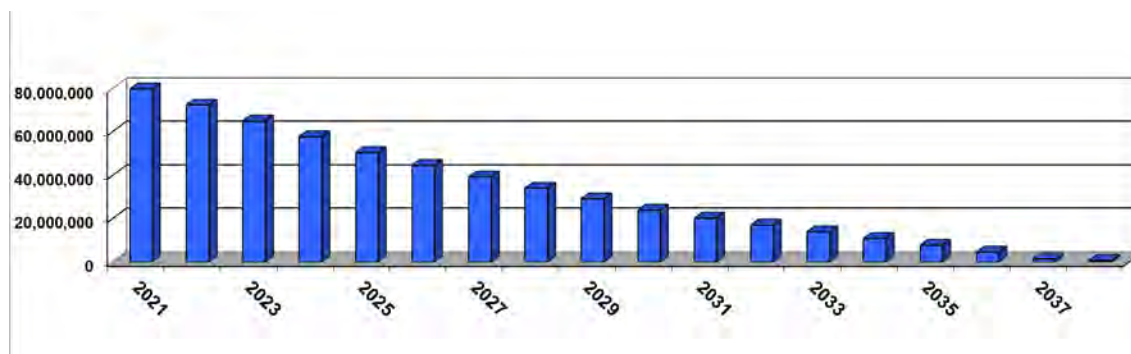


# DEBT SUMMARY

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The Village will continue paying down its debt aggressively over the next few years as is show below:

**Total Principal & Interest Outstanding**  
**2021 through 2038**  
Includes Self-Supported (NWCD & Storm Sewer) and Tax Supported Debt



## LEGAL DEBT MARGIN

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property:...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ...Indebtedness which is outstanding on the effective day (July, 1971) of this Constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts."

To date the General Assembly has set no limits for home rule municipalities.

## TYPES OF VILLAGE DEBT

The Village's general obligation bond rating is Aa1 from Moody's Investors Service. A general obligation bond has the full faith and credit of the Village pledged. The general obligation alternate revenue bonds, which are a pledge of a specific revenue source, (i.e. utility taxes, sales taxes, water revenues) and a tax levy, carry the same rating. However, all other types of debt instruments are of a lesser credit quality and therefore have higher relative interest rates. An approximate ranking is as follows:

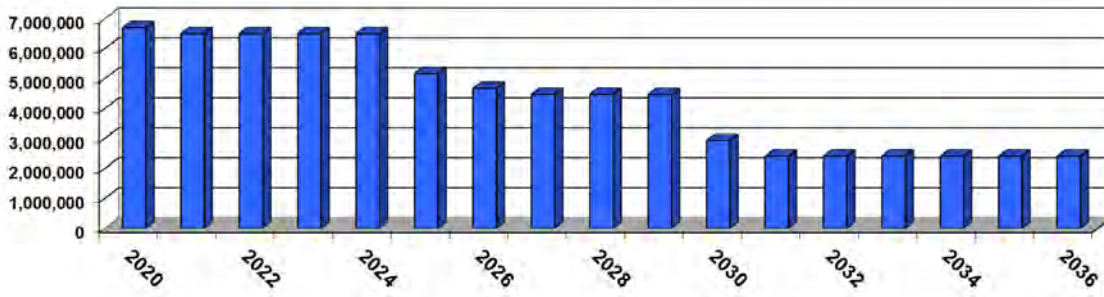
- General Obligation/General Obligation Alternate Revenue
- Water and Sewer Revenue
- Installment Contract
- Special Service Area
- Special Assessment

# DEBT SUMMARY

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The chart below will help us visualize and manage our annual tax supported debt service:

## Tax Supported Debt Service Payments by Fiscal Year 2021 Through 2036



## CONCLUSION

The Village issues new debt only after careful consideration of the benefits of the capital project being financed and a conservative analysis of the revenue sources required to pay off the debt. By following these practices and by monitoring the total debt burden, the Village has been able to maintain a high bond rating, which equates to lower interest costs. The Village's overall financial health is good, and by following sound financial and management policies, the Village's Board and staff will emphasize continued efforts toward maintaining and improving the Village's financial performance in the coming years.

The schedules on the following page provide summaries of outstanding bond issues and future debt service requirements.

VILLAGE OF ARLINGTON HEIGHTS

# SUMMARY OF OUTSTANDING BOND ISSUES

AS OF December 31, 2021

ISSUE	PURPOSE	AMOUNT ISSUED	MATURITY DATE	PRINCIPAL OUTSTANDING
2010 G. O. Refunding Bonds	Refunding of 2002A NW Central Dispatch Bonds	2,855,000	12/1/2022	280,000
2012A G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,670,000	12/1/2022	1,375,000
2016 G. O. Police Station Bonds	Design and build new police station	32,900,000	12/1/2036	27,765,000
2018 G. O. Storm Sewer Bonds	Improvement of storm sewer infrastructure	9,530,000	12/1/2038	8,615,000
2019 G. O. Refunding Bonds	Partial Refunding of 2011 Refunding Bonds	7,985,000	12/1/2026	7,985,000
2020 G. O. Water Main, St., Parking Bonds	Water Main replacement, street and parking infrastructure	13,700,000	12/1/2030	10,920,000
<b>TOTAL ALL BONDS</b>				<b>56,940,000</b>

## ANNUAL DEBT SERVICE REQUIREMENTS

(PRINCIPAL AND INTEREST)

ISSUE	FUNDING SOURCE	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 BUDGET
2006A Refunding of 1997C & 1998A	Property Tax	358,800	0	0	0	0
2011 Partial Refunding of 2004 Public Bldg	Property Tax	442,650	187,931	0	0	0
2012A Partial Refunding of 2004 Public Bldg	Property Tax	1,150,400	1,130,400	2,110,400	2,215,400	1,402,500
2013 Partial Refunding of 2006 Public Bldg	Property Tax	1,671,200	2,080,000	0	0	0
2014 Road Improvements	Property Tax	1,500,550	1,503,850	885,800	0	0
2016 Police Building	Property Tax	1,759,200	1,719,250	3,294,900	2,572,700	2,535,150
2019 Partial Refunding of 2011 Partial Refunding	Property Tax	0	80,959	399,250	399,250	1,039,250
2020 Water Main, Streets, & Parking	Property Tax	0	0	0	1,311,206	1,521,800
<b>SUBTOTAL - PROPERTY TAX</b>		<b>6,882,800</b>	<b>6,702,390</b>	<b>6,690,350</b>	<b>6,498,556</b>	<b>6,498,700</b>
2010 Refunding of 2002A NWCDS Building	Northwest Central Dispatch Rent	285,675	288,325	285,675	287,875	289,100
2018 Storm Sewer Improvements	Storm Water Utility Fee	0	690,878	689,300	691,100	692,300
<b>SUBTOTAL - OPERATING REVENUE</b>		<b>285,675</b>	<b>979,203</b>	<b>974,975</b>	<b>978,975</b>	<b>981,400</b>
<b>TOTAL</b>		<b>7,168,475</b>	<b>7,681,593</b>	<b>7,665,325</b>	<b>7,477,531</b>	<b>7,480,100</b>

# COMMUNITY PROFILE

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## GOVERNMENT

Incorporated January 18, 1887

The Village is a home-rule municipality governed by a nine-member Board consisting of eight Trustees and one Village President, commonly referred to as Mayor. The Board is elected at large for staggered four-year terms.

The Mayor, with approval of the Village Board, appoints the Village Manager.

The Village employs 419 full-time and 18 part-time employees in 10 operating departments: Integrated Services, Human Resources, Legal, Finance, Police, Fire, Planning & Community Development, Building & Life Safety, Health & Senior Services, & Public Works (including Water Utility Operations, Engineering, and Municipal Fleet Services).

In addition, the Village has the following advisory boards and commissions that advise the Village Board on various issues and proposals under review. The Mayor, with the consent of the Board of Trustees, appoints members to the commissions.

Plan Commission  
Zoning Board of Appeals  
Board of Health  
Board of Local Improvements  
Board of Fire & Police Commissioners  
Design Commission  
Building Code Review Board  
Environmental Commission  
Housing Commission  
The Arlington Economic Alliance  
Senior Citizens Commission  
Youth Commission  
Commission for Citizens with Disabilities  
Bicycle & Pedestrian Advisory Commission  
Special Events Commission  
Arts Commission

## GOVERNMENT

(Continued)

The Village also operates a public access cable television channel and televises most Board meetings.

**Village Website:** [www.vah.com](http://www.vah.com)

**Additional Website:** [www.discoverarlington.com](http://www.discoverarlington.com)

### Elections

Number of Registered Voters	65,547
Number of Ballots Cast in Last Municipal Election 4-6-21	9,440

### Village Bond Rating

Aa1

### Fire ISO Rating

1 (2016)

### Various Taxes

Sales Tax	10.00%
Prepared Food & Beverage Tax	1.25%
Telecommunications Tax	6.00%
Hotel Tax	5.00%
Utility Tax (gas/electric)	5.00%

## DEMOGRAPHICS

The Village is comprised of approximately 16.6 square miles.

The Village is located in Cook County, approximately 25 miles northwest of the Chicago loop business district. The Village is home to beautiful Arlington Park Race Track, the world-famous thoroughbred racing destination. Adjacent to the Village to the west are the communities of Palatine and Rolling Meadows; to the east are Wheeling, Prospect Heights, and Mount Prospect; to the north is Buffalo Grove; to the south is Elk Grove Village. O'Hare International Airport is approximately 15 miles southeast of the Village, a 20-minute drive by expressway.



# COMMUNITY PROFILE

(Continued)

## DEMOGRAPHICS (Continued)

### Weather Conditions

Average Winter (Daytime)	35° F
Average Summer (Daytime)	81° F
Average Annual Rainfall	36 Inches
Average Annual Snowfall	36 Inches

### Population

1970	64,884
1980	66,116
1990	75,460
2005 (f)	76,943
2010 (a)	75,101
2020 (g)	77,676

### Age

0 – 19	17,935
20 – 24	3,400
25 – 34	8,511
35 – 49	16,224
50 – 64	16,111
65 & over	12,920

### Ethnic Makeup (a)

White	84.2%
African American	1.8%
American Indian/Alaskan Native	0.1%
Asian/Pacific Islander	10.2%
Some Other Race	0.1%
Two or More Races	1.8%
Hispanic or Latino	6.3%

NOTE: Hispanic/Latino ethnicity overlaps categories therefore figures do not add up to 100%

### Other Household and Resident Data (a,g)

Total Households	30,838
Median Household Income	\$96,340
Per Capita Income	\$51,450
Median Age	44
% of population over 65	19.8%
Education (population 25 years & older)	
High school graduate or higher	96.0%
Bachelor's degree or higher	57.9%
Unemployment Percentage (12/2018) (b)	3.0%

## DEMOGRAPHICS (Continued)

### Home Value (a)

Median Home Value	\$358,300
Median Gross Rent	\$1,368
\$0 to \$99,999	1,547
\$100,000 to \$149,999	1,734
\$150,000 to \$199,999	1,458
\$200,000 to \$299,999	4,377
\$300,000 to \$499,000	10,061
\$500,000 to \$999,999	3,660
\$1,000,000 or more	318

### Land Use (c)

	<u>Acres</u>	<u>%</u>
Residential	5,279	50.4
Commercial	505	4.9
Office Only	225	2.2
R&D, Manufacturing,		
Warehousing	590	5.7
Institutional	285	2.7
Mixed Use	398	3.8
Parks/Schools/Government	1,082	10.3
Streets	2,000	19.0
Open	100	1.0
Total	<u>10,464</u>	<u>100.0</u>

### Property Value (d)

Estimated Total Property	
Value (2019)	\$10,100,098,716
Equalized Assessed	
Valuation (EAV) (2019)	\$3,366,699,572

	<b>2019 EAV</b>	<b>% of Total</b>
Residential	\$2,418,574,182	71.838%
Farm	31,991	0.001%
Commercial	794,052,203	23.585%
Industrial	152,530,437	4.531%
Railroad	1,510,759	0.045%
	<u>\$3,366,699,572</u>	<u>100.000%</u>

# COMMUNITY PROFILE

(Continued)

## DEMOGRAPHICS

(Continued)

### Top Five Property Taxpayers (d)

Luther Village	Retirement Facility
Town & Country Mall	Shopping
Northpoint Shopping Center	Shopping
Arlington Plaza	Shopping
Annex of Arlington	Shopping

### Other (d)

Miles of Streets	241
Water Information:	
Municipal water system main water supply	
Lake Michigan water through the Northwest	
Water Commission (All wells are secondary and backup sources)	
Miles of Water Mains	260
Number of Water Customers	21,119
Capacity of Waterworks	36,000,000 gal/per day
Number of Storage Tanks	10
Storage Capacity	31,000,000 gal.

### Sewer Information:

Miles of Storm Sewers	213
Miles of Sanitary & Combined Sewers	255
Number of Retention/Detention Basins	56
Sewage Treatment – Metropolitan Water Reclamation District	

Number of Fire Stations	4
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School Districts 15, 21, 23, 25, 59 and 214 serve the students of the Village of Arlington Heights and neighboring communities.

### Library

Number of Sites	1 (plus Bookmobile)
Number of Volumes	305,928
Number of Registered Borrowers	76,653
FY2019 Total Circulation	1,917,129

## BUSINESS

The Village has 1,844 businesses paying sales taxes.

### 2020 Kind of Business Report (e)

Sales Category	Sales Volume	%
General Merchandise	\$ 532,479	4.4%
Food	1,935,251	15.9%
Restaurant Dining	1,382,789	11.4%
Apparel	211,499	1.7%
Furniture, Household	795,424	6.5%
Lumber/Building/Hardware	684,603	5.6%
Automotive/Filling Stations	3,096,329	25.5%
Drugs & Misc. Retail	2,263,633	18.6%
Agriculture & All Others	1,079,490	8.9%
Manufacturers	165,142	1.4%
Total	\$ 12,146,639	100.0%

### Major Employers (500 Employees or more)

Northwest Community Healthcare	3,600
Arlington Heights High School Dist. 214	1,700
HSBC	1,500
Lutheran Home	800
Paddock Publications	500
Alexian Brothers Health System	500

# COMMUNITY PROFILE

(Continued)

## **AWARDS & RECOGNITIONS**

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GFOA Certificate of Achievement or Excellence  
in Financial Reporting ..... Annually Since 1988

GFOA Distinguished Budget Presentation  
Award ..... Annually Since 2005

Certified Tree City U.S.A. .... Annually Since 1985

Daniel Burnham Award for Excellence  
In Planning for Timber Court Condominium  
Project (affordable housing)..... 2008

President's Arts Friendly Community  
Award ..... 2008

Association of Illinois Senior Centers' Awards for  
Senior Center Program of the Year and Senior  
Center Director of the Year..... 2008

Chaddick Municipal Development  
Process Award ..... 2010

Designated as a Member of the Safe  
Communities America Program ..... 2010-2015

CALEA Accreditation of Police Dept..... 2018

Governor's Sustainability Award ..... 2013

Community Partnership Award ..... 2013

IRMA Management Assessment Program  
Accreditation..... 2017

### **Notes:**

- (a) 2010 Census & US Census Bureau Website
- (b) Illinois Department of Employment Security
- (c) Village of Arlington Hts Comprehensive Plan
- (d) Village of Arlington Hts & Cook County Records
- (e) Illinois Department of Revenue
- (f) Special Census
- (g) 2020 Census & US Census Bureau Website