

**VILLAGE OF
ARLINGTON HEIGHTS, ILLINOIS**

ADOPTED
BUDGET-IN-BRIEF
FISCAL YEAR 2018
BEGINNING JANUARY 1, 2018



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

VILLAGE OF ARLINGTON HEIGHTS

BUDGET-IN-BRIEF 2018 **ADOPTED**

VILLAGE BOARD

Thomas W. Hayes, Village President

Richard Baldino, Trustee

Carol Blackwood, Trustee

Thomas Glasgow, Trustee

Robin La Bedz, Trustee

Bert Rosenberg, Trustee

John Scaletta, Trustee

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VILLAGE MANAGER

Randall R. Recklaus

FINANCE DIRECTOR/TREASURER

Thomas F. Kuehne

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Introduction

VILLAGE ADMINISTRATION

Central Administration

Village Manager	Randall R. Recklaus
Assistant Village Manager	Diana Mikula
Village Attorney	Mark Burkland
Prosecuting Attorney	Ernest R. Blomquist
In-House Counsel	Robin Ward
Village Clerk	Becky Hume
Finance Director/Treasurer	Thomas F. Kuehne
Director of Human Resources	Mary Rath

Public Safety

Chief of Police	Gerald Mourning
Fire Chief	Kenneth Koeppen

Economic & Community Development

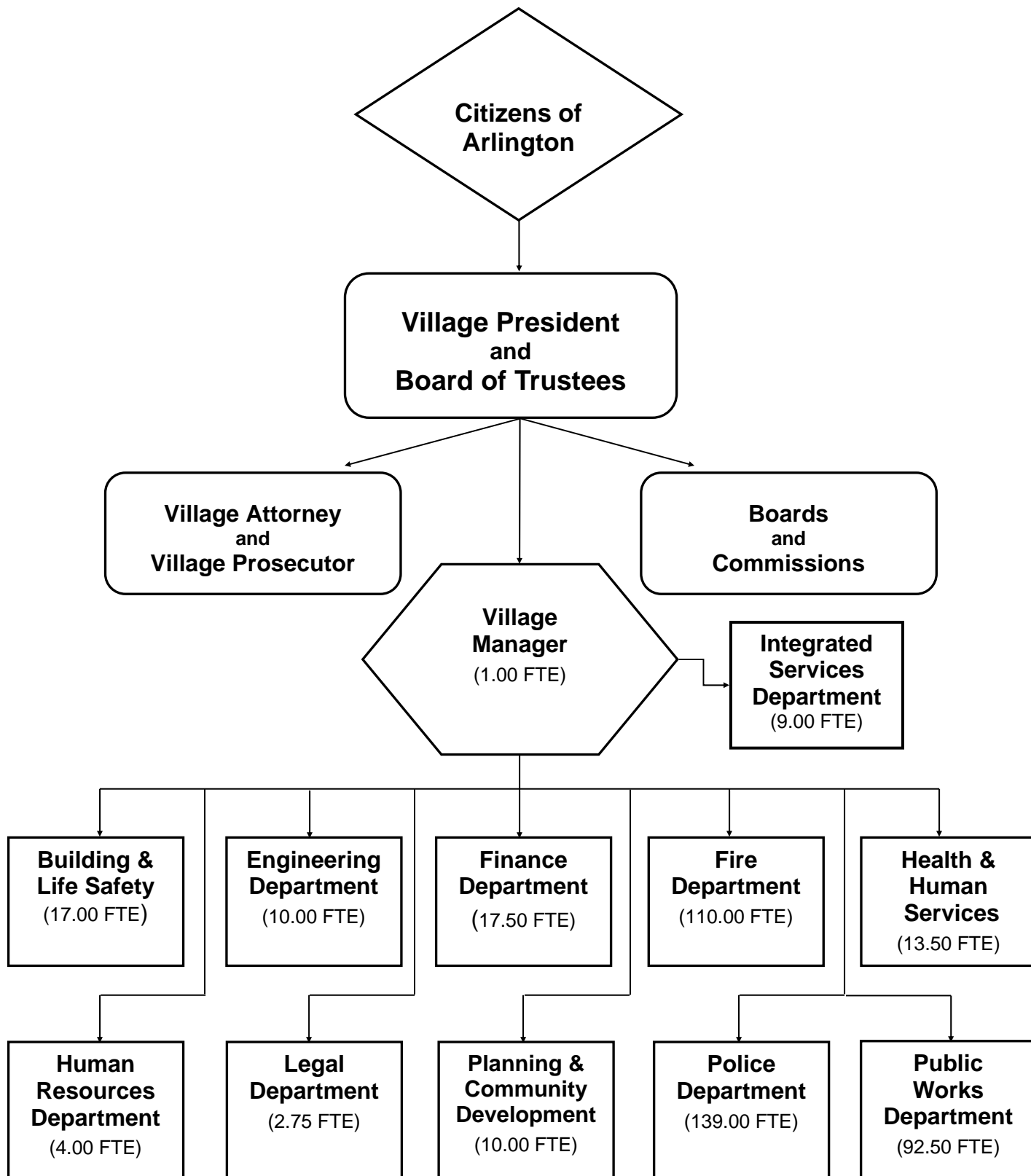
Director of Planning & Community Development	Charles Witherington-Perkins
Director of Engineering	Jim Massarelli

Services

Director of Building Services	Steven Touloumis
Director of Health and Human Services	James McCalister
Public Works Director	Scott Shirley

Budget Preparation

Finance Director/Treasurer	Thomas F. Kuehne
Assistant Finance Director	Mary Juarez
Budget Coordinator	Denise Ruda



Draft Strategic Priorities for 2018-19

These priorities and sub-priorities reflect the views of the Village Board identified at the June 28th, 2017 Village Board goal setting session. Once finalized, staff will develop a business plan of projects that support these priorities.

1. Explore new revenue sources to fund Village Services
 - a. Identify potential new revenues not currently being utilized by the Village to offset State of Illinois actions and flattening sales tax revenues
 - b. Find ways to grow current revenues by facilitating additional activity in growth sectors of the economy
2. Improve Building and Life Safety Processes and Customer Service
 - a. Identify specific opportunities for process and communications improvement in the Building and Life Safety Department
 - b. Identify and Implement Best Practices in those areas
 - c. Enhance Village Code Enforcement Efforts
 - d. Increase opportunities for feedback from the business community
3. Review and Update Village Business Development and Recruitment Strategy
 - a. Identify and analyze new uses and business types that have the most potential for long term growth
 - b. Align Village recruitment and retention efforts and zoning to target growth uses
 - c. Increase organizational flexibility to take advantage of unforeseen opportunities
 - d. Update strategy for implementation of TIF 4 Redevelopment Project Area based on evolving economic conditions
4. Review and Update Village Housing Regulations and Strategy
 - a. Analyze demographic trends to determine if current housing mix and regulations will continue to support Arlington Heights' population in the future
 - b. Adjust housing strategy to meet emerging needs
 - c. Ensure that current construction regulations support sustainable neighborhood growth and effective stormwater management
5. Continue Infrastructure Improvement Efforts
6. Increase Efficiencies in Service Provision
 - a. Explore ways to reduce Village expenditures in light of flattening revenues
 - b. Strengthen Use of Technology to increase organizational effectiveness and reduce operational costs
7. Evaluate the Village of Arlington Heights' Identity and Brand in the Community and Region.



Village of Arlington Heights

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December 4, 2017

Dear President Hayes and Trustees:

I am hereby transmitting the Budget for calendar year 2018.

Planning for and preparing the budget for 2018 was difficult due to the State of Illinois' ongoing fiscal issues. Last year at this time we stated:

"The State's budget impasse is continuing to cause funding problems for its own state-wide services, and we still expect that there will likely be ramifications on local school, park, library and municipal government budgets. In the absence of an approved State budget for the second straight year, the State is now reporting that its five retirement systems may not receive payments when due because the state's general fund may be low on cash. Illinois already has the lowest credit rating among the 50 states and a growing pile of unpaid bills."

During 2017 the State nearly entered into a third straight year without a spending plan, but a State budget was eventually approved in July 2017. However, in order to close a gap between its revenues and expenditures, the State passed an income tax increase and used revenues from other sources. Those other revenue sources included shifting 10% of income tax receipts allocated to municipalities back to the State. For the Village of Arlington Heights this means a direct revenue loss of \$782,000. Staff believes it is likely that the 10% shift will end up being a permanent reduction to the municipal share of income tax. For this reason, the budget takes the conservative position that this reduction in Village revenues will continue into the future. The State also began charging a 2% fee for collecting municipal home-rule sales taxes, which resulted in another revenue decrease of \$134,000 per year. The total estimated reduction in Village General Fund revenues due to these State actions is \$916,000 per year.

In an effort to close the budget gap in the Village's budget that was caused by the abovementioned State actions, Village Departments were asked to develop a list of cuts representing a reduction of 5% of their General Fund operating expenditures. In addition, Staff considered various revenue alternatives. Some of the expenditure cuts have been incorporated into the 2018 Budget, but significant General Fund expenditure cuts would have to come from personnel services, which comprise nearly 80% of the General Fund's total expenditures. Since the Village reduced staffing levels by 10% and made other substantial expenditure cuts during the Great Recession, it is not surprising that cuts needed to close a State imposed budget gap of over \$900,000 would involve personnel and service reductions. Furthermore, since most of the prior recession-related personnel cuts occurred in the Village's administrative and non-emergency departments, additional personnel cuts would need to come primarily from the Village's public safety area.

Fortunately, the Village had held off on increasing some of its fee revenue over the last couple of years in anticipation of the possibility of the State taking municipal revenues to close its own budget gap. One key revenue source that needed to be updated was the Village's ambulance transport fee, which hadn't been increased since 2006. In October 2017 the Village Board approved an increase

in the ambulance transport fee as of January 2018. The existing fees will be increased from a range of \$450 - \$650 per transport, to a \$1,500 fee for all types of ambulance transports. Along with the fee increase, the Village reduced the net cost for residents by waiving deductibles, co-payments, mileage and any other associated costs outside reimbursements from their health plans, Medicare, or Medicaid. This new fee level represents the average charged for ambulance transports provided by public entities, based on records provided by the Village's ambulance transport biller. The new fee will bring in approximately \$960,000 to the General Fund. While this increase does cover the loss of revenue due to State actions, it does not address every trend the Village faces in the coming year. Therefore, additional actions are needed to balance the 2018 Budget.

Overview of 2018 Budget Plan

The 2018 Budget maintains our existing day to day operations, which provide for a full range of general government services. During the past year Staff has continued to undertake a number of initiatives with the goal of enhancing customer service. These include expanding the use of social media to reach out to the community, the development of a new, more user friendly Village website which was rolled out in October 2017, employee customer service training, and plans for customer service surveys. The Village also joined a northwest suburban benchmarking cooperative, where cost performance will be standardized, compared, and analyzed. This will be completed by the University of Illinois, which will provide recommendations on best practices on an annual basis. Reports will be issued each year on a new service area.

During 2018, a number of initiatives are planned which are designed to augment Village services and help stabilize the Village's revenue base. The Building and Life Safety Department will re-evaluate the permitting, plan review, and code enforcement processes in an effort to allow for more timely and proactive enforcement. This will include prioritizing code enforcement and fire safety review efforts to optimize staff allocation. Finance and other Village Departments will continue to explore new revenue sources, and will continue to update existing revenues to help offset flattening sales and income tax revenues. Over the next two years, the Planning Department will chair a new Tax Base Expansion Committee charged with reviewing and reporting on sectors of the economy that have growth potential in our community. Based on the findings of the Committee, the Planning Department will develop recruitment efforts that are focused on these growth sectors.

The Village also 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 2018 Budget include the following:

- Year three of a seven-year plan to work toward increasing the annual water main replacement program from \$500,000 to \$3 million per year by 2022. This would help reduce the high number of water main breaks due to the advanced age of the Village's water main system.
- Construction of a new \$27.9 million Police Station that will replace the existing 38,000 square foot facility constructed in 1978. The new 73,000 square foot building will be comparable to other Police facilities that have recently been constructed.
- Year one of a new \$200,000 annual program to apply asphalt emulsions to Village streets on a scheduled basis to preserve the asphalt's binder. This follows a successful test of the process in 2017. This new program will help lengthen the time when crack sealing is required.

- Year two of a budgeted five-year \$1.1 million Rand Road Corridor Identification Enhancement program. The goal of the program is to create an identity for the area established through streetscape and gateway opportunities. Enhancing the area will help attract new businesses while providing a more pleasing environment for shoppers.
- The fourth year of a four-year \$2.3 million plan to repair the Village's four public parking garages. Completing this work will return these structures, which range in age from 15 to 33 years, back to their original integrity with a new service life of 40 to 50 years.

During 2018 the Village will begin implementing its next key infrastructure challenge – storm water control. The Village completed multi-year storm water studies that included a utility modeling project, separate storm water control studies on the combined sewer area, and an analysis of storm water capacity and storage issues in some of the separate sewered areas. In June 2017 the Village Board prioritized the potential storm water control projects and developed a multi-year schedule of approved projects as part of the 2018-2022 Capital Improvement Plan. Based on these priorities, Village Staff developed a new storm water utility fee that will cover the costs of the annual maintenance of the separate storm water system, as well as some of the scheduled storm water improvement projects.

The Village develops its operating and capital budget based on a conservative forecast of revenues, and does not take into account new revenues from growth unless the development is completed and has provided an 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 are maintained in part to ensure our excellent bond rating and lower bond interest charges associated with that rating. Maintaining adequate reserves also provides a source of funds for extraordinary storm or other damages, to cover extraordinary self-insurance losses, and to provide a buffer during economic downturns. Having adequate reserves would also allow the Village the time needed to digest and plan around additional potential actions by the State that may divert more of the Village's revenues to State coffers. The Village's minimum fund balance policy is to maintain a fiscal 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 2018 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.

2017 Property Tax Levy Payable in 2018

One of the Village's key goals has been to keep any proposed property tax increase as low as possible. For the prior six years the Village was able to levy very modest increases. This was due in large part to prior year increases in sales and income taxes which rebounded after the recession. Since the 2011 levy year, four out of six Village property tax levies included 0% increases for operations. The two most recent budgets actually *decreased* the portion of the levy attributable to operations, with 100% of the increases going towards funding higher levels of road

improvements. 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. This year's 2017 property tax levy has been particularly challenging to develop due to sales and income tax receipts that are levelling off and are projected to come in under budget for 2017, separate and apart from the State reductions.

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. For many years the Village has also increased the capital levy each year to account for cost increases associated with the annual street program. The FICA and IMRF levies are derived from the detailed wage sheets prepared for 2018. 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. The estimated property tax levy reviewed by the Board for budget ceiling purposes represented an increase for the Village of 4.20% over the prior year extended levy. Since that time Village staff decreased further the projected sales and income tax receipts for 2018. This was offset by some budgeted expenditure decreases. The net effect of these changes has resulted in a 2018 property tax increase that is \$178,000 lower than the estimate, or an increase of 3.68%. The total 2017 property tax levy including the Library's levy increases by 2.61% and is summarized below:

	Extended 2016 Levy	2017 Levy For 2018	Dollar Change	% Change
Village				
Debt Service	\$ 6,871,990	\$ 6,882,800	\$ 10,810	.16%
Police Pension	\$ 4,033,940	\$ 3,879,000	\$ -154,940	-3.84%
Fire Pension	\$ 4,937,890	\$ 4,853,000	\$ -84,890	-1.72%
Capital Improvement	\$ 5,252,000	\$ 5,300,000	\$ 48,000	.91%
FICA	\$ 1,364,813	\$ 1,398,000	\$ 33,187	2.43%
IMRF	\$ 1,754,471	\$ 1,770,000	\$ 15,529	.89%
Police Protection	\$ 5,010,913	\$ 5,707,000	\$ 696,087	13.89%
Fire Protection	\$ 5,010,913	\$ 5,707,000	\$ 696,087	13.89%
Total Estimated Village Levy	\$34,236,930	\$35,496,800	\$1,259,870	3.68%
Library	\$13,968,392	\$13,968,392	0	0.00%
Grand Total Tax Levy	\$48,205,322	\$49,465,192	\$1,259,870	2.61%

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 expenditures for all operating, capital and other funds for 2018, not including the Arlington Heights Memorial Library, comes to \$183,325,300, a decrease of 2.1% or \$3.9 million. This decrease is primarily attributable to the following capital expenditure areas:

- 2017 was the last year for the Emerald Ash Borer (EAB) Fund. The Village implemented a plan to remove and replace 13,000 parkway ash trees, or 30% of the Village's tree inventory over a seven year period. Last year's budget included \$6 million in EAB expenditures which are no longer budgeted in 2018.
- Other capital costs that are lower in 2018 than they were in the prior year include (\$624,000) in parking garage renovations, (\$1.3 million) in water capital projects, and (\$861,000) in fleet replacement costs. These lower capital costs in 2018 are offset by the new \$2.3 million storm water control projects budgeted in 2018. These changes net out to a net decrease of (\$485,000) in other capital costs.

Total budgeted expenditures for 2018 exceed total budgeted revenues, due to proceeds from the 2016 bond issue being used to complete the construction of the new Police Station. The bond revenue was recognized in 2016, but is being spent in 2017 and 2018. Budgeted construction costs for the new Police Station in 2018 are nearly \$14 million out of a total projected construction cost at completion of \$27.9 million.

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). 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. Village staff is currently comprised of about 28% Tier 2 employees. Given the high number of retirements the Village is currently experiencing, the percentage of Tier 2 employees is expected to continue to increase substantially in coming years.

Personnel Changes

During 2017 the Village completed an extensive review of the Village's class and compensation system which hadn't been examined since 1994. The goal of this review was to provide a defined benchmark of Village compensation practices against other comparable communities. There were also some compression issues in certain Departments that needed to be addressed. Finally, in an era of flattening sales and income tax revenues, a structured compensation system that can be more easily adjusted was required. The new compensation and classification system has addressed these concerns and the Village was able to accomplish this within the parameters of the 2018 budget ceiling.

The Village has continued to fill a number of vacancies as the number of retirements is increasing. While the necessary hiring to replace these employees is labor intensive, it also is an excellent opportunity for the Village to reassess the needs of each department and to recruit candidates whose skill sets complement the current challenges of the Village. During 2017, as a result of retirements there were a number of personnel changes that were made. In March of 2017 the Village's GIS Manager retired. The Integrated Services Department and the IT Division reviewed this position and

subsequently recommended and received Board approval to replace this position by utilizing contract Geographic Information Systems (GIS) services provided by the GIS Consortium. This is an organization of Chicago-area communities unified by a common goal: to share resources, information, staffing, and technology so that municipalities can optimize the value of GIS. By joining the GIS Consortium the Village was able to improve its GIS services within our existing budget.

There were other personnel changes made during 2017 that didn't affect the overall headcount or payroll cost, but included various interdepartmental changes made to improve overall Village operations and customer service. Whenever vacancies occur, Staff reviews whether the position is still needed as is, 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 2018 Budget includes the elimination of two positions and the addition of one part-time position. The elimination of the GIS Manager position is being recognized in 2018, and this year also includes the planned elimination of the full-time Emerald Ash Borer (EAB) Forestry position. As of the end of 2017, the EAB Fund will be closed, as the program to remove and replace diseased parkway Ash trees throughout the Village was completed. The second change is the addition of a part-time Administrative Assistant in the Building Department. The Department has seen a marked increase in permit activity in recent years. The position will help provide a higher level of customer service at the counter and to free up other staff to spend additional time on our process improvement efforts. In addition to this position, \$10,000 has been added to the Building Department's 2018 Budget for additional contract assistance to help manage the Department's workload.

With these changes, the Village's personnel count will decrease by 1.5 positions and will still reflect a net decrease of 46 positions, or nearly a 10% decrease since FY2009. The 2018 total payroll cost is projected to increase 1.95% over the prior year's wage base, including all step increases and other wage adjustments in all departments. However, it should be noted that the EAB Forestry position was eliminated and the GIS Manager position was eliminated in favor of GIS contract services.

The 2017 Budget included an additional \$75,000 for one year only in professional services in the Engineering Department, to allow for the implementation of an annual design/oversight schedule change. The goal of the schedule change was to bid street programs earlier to allow for greater coordination between the Village's infrastructure planning efforts, for construction to be completed earlier in the year, and in the hope that there will be more bidders and potentially lower prices earlier in the year. This plan has now been implemented.

In recent years the Village has been fortunate that our blended health insurance costs have increased moderately. To be conservative the Village's long-term projections typically assume an increase in health insurance costs of 8% per year. However, based on the Village's more recent high claims experience medical premium costs for 2018 are budgeted to increase by 8.1% for PPO coverage, by 5% for HMO coverage, and 0% for Dental coverage, or a blended rate increase of 6.8%. The Village's actual claims have come in higher than projected in four out of the last seven years. This has been worse than our long-term trend. Since the Village is self-insured, it is proposed that the Village consider transferring funds from General Fund reserves to the Health Insurance Fund in order to support that fund's cash flow needs.

The balance of this budget message identifies the process that has been followed to prepare this financial plan for 2018, 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. The Village's budget and financial process begins in March of each year. At that time each Department Director presents an outline of their Department's services, workload indicators, key accomplishments, and new initiatives to the Village Board. In April the Board reviews its Strategic Priorities, which Staff will use to develop its budget proposals for the following year. In June of each year the Board reviews and approves a five-year Capital Improvement Program. In July, 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 Budget Coordinator, meet 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 \$20,000. 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 expenditures for those funds:

	<u>General Fund</u>	<u>Water & Sewer Fund</u>
Budget Ceiling	\$74,801,100	\$18,646,000
2018 Budget	<u>\$74,473,700</u>	<u>\$18,646,000</u>
Over (Under) Ceiling	\$ (327,400)	\$ 0

During the department reviews, the budget team and department directors worked to prepare a budget at or below the budget ceilings. The 2018 budgets for the General Fund and the Water & Sewer Fund are both within the budget ceilings established by the Village Board in July 2017.

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 63% of the total General Fund revenues:

- Property Tax	30% of revenues
- Sales Tax (including Home Rule)	24%
- Income Tax	9%

The revenues listed above represent the General Fund's primary growth revenues, which pay for annual cost increases. After the end of the Great Recession, the Village's sales and income tax revenues increased significantly at first. However, this growth trajectory has now leveled off or decreased. The 2017 General Fund shows an estimated actual deficit due in part to sales and income tax receipts that are coming in under budget. 2017 budgeted expenditures were also higher than revenues due to a large \$355,000 encumbrance for road salt that was ordered in 2016, but delivered in 2017.

The 2018 Budget for sales tax receipts shows a slight .7% decrease compared to the prior year budget. As noted earlier, the Village's income tax revenue shows a large decrease of 12.7%, due primarily to the State taking 10% of the municipal portion of income tax receipts. The State remains in a precarious financial position, and for this reason the budget assumes that this income tax decrease will continue in the future. The Village is also seeing a continued decrease in its Telecommunications tax receipts, and the 2018 Budget reflects a 12.5% decrease in this revenue source. It is likely that this decrease is due to more residents and businesses choosing to eliminate their land line phones. In light of these key revenue decreases, during 2018 Staff will review current and unutilized revenues to determine if they should be updated or considered. The frequency of the process for increasing fees will also be explored.

On the expenditure side, as a service organization, 79% 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 64% of the total General Fund budget.

The 2018 General Fund budget for expenditures increases by less than 1% compared to the prior year. Police and fire pension costs are \$154,940 and \$84,890 lower respectively due to decreased annual required contributions from the Village. This is due in part to the Village paying a full year's contribution during the 8-month transition year to a new calendar fiscal year. Commodities are lower in 2018 compared to the prior year as the road salt budget was inflated due to the encumbrance noted above. Other Charges decreased as the last sales tax abatement to Lowes was made in 2017, and the contingency budget is lower.

There are a limited number of new programs incorporated into the 2018 General Fund budget. The 2018 budget includes an additional \$19,000 for the Fire and Police Commission for required testing, Public Works includes \$6,200 for the new annual subscription to the See Click Fix service request software, and \$14,000 for the Cityworks work management software subscription which integrates with See Click Fix. The Fire and Police Departments also include a combined \$111,700 increase attributable to higher fees from the Northwest Central Dispatch. Finally, \$5,000 has been included in the Integrated Services Department toward a local government best practice benchmark cooperative.

The budget includes \$87,700 in funding for Meet Chicago Northwest (Convention Bureau), which is based on 8% of the actual 12-months of hotel tax receipts received by the Village for the period ended December 31, 2016. The Village has had a long-standing partnership with Meet Chicago Northwest, and this is the second full-year of a three year budget agreement with the convention bureau.

Future General Fund Issues:

State of Illinois Budget – Although the State passed a budget for its 2018 fiscal year in July 2017, the budget is reported to be unbalanced by about \$1.7 billion. The State's 2018 Budget includes some "one-time" transfers from various sources and funds. For this reason, rating agencies have continued to keep the State on their watch lists.

Proposed State Gambling Expansion - Slots at Arlington Park Racetrack – Over the last few years the State Legislature has considered various proposals to expand gambling in Illinois. Most of these proposals have included allowing slots at horse racing tracks throughout Illinois which would include Arlington Park Racetrack. It has been estimated that the Village could potentially receive about \$3 million per year in fees if slots are allowed at the Racetrack. If such a bill were to be passed, it has been staff's recommendation that any potential local gambling fee revenue not be used to fund any ongoing operating expenses. If the State Legislature were to approve slots at racetracks, it is recommended that any potential new revenues be used for specific, one-time capital projects and to pay down the Village's unfunded pension liabilities. Using a portion of any potential new revenues to pay down pension liabilities would help stabilize the Village's annual required contribution to our pension funds, lessening the upward pressure on the Village's portion of property taxes directed toward our pension funds.

Water & Sewer Fund

The Water & Sewer Fund is relatively stable due to the water and sewer rate adjustments that were approved by the Village Board. Even with these planned adjustments the Village's water and sewer rates will likely remain at or below the average for communities in the surrounding area.

The Village's water and sanitary sewer infrastructure is over 60 years old, which has resulted in the average number of water main breaks being twice that of comparable communities. The revised rate structure will allow the Village to increase the amount spent on its water main replacement program by about six times from around \$500,000 per year to a about \$3 million per year by 2022. During this same time period the sanitary sewer main replacement program will increase by nearly two times from around \$300,000 per year to a projected \$515,000 per year. Longer term plans anticipate that water main replacement program costs will continue to increase up to an annual \$4.5 million commitment by 2025. Once we reach this funding level, we will be at the industry standard of replacing 1% of our water mains each year. To reach this standard, the Village will need to continue to increase its water and sewer rates over time.

Over the last few years, the Village has experienced wetter spring and early summer weather which has resulted in less water usage and lower revenues. This in turn has caused the cash position of the fund to decrease significantly. The 2018 Water and Sewer Fund Budget reflects this trend by using a total projected gallon sold figure for the budget that falls between the average water usage for the last twelve years and the recent water usage level over the last couple of years. As a result of this change, the projected 2018 water and sewer revenues show a decrease from the prior year.

To offset the projected decrease in revenues and to improve the Water and Sewer Fund's financial position, the growth in the water main replacement program was extended over a longer period of time.

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. This problem 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 an annual 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 and through a recent survey of Village Board members were: Streets and Storm Water Control. 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 2017, the Village Board reviewed all of the proposed capital projects and approved the five-year Capital Improvement Program for 2018 - 2022.

The capital projects outlined in the CIP are budgeted in a variety of Village funds, depending on the source of revenue. The first year of the multi-year capital plan has been incorporated into the 2018 Budget. The "CIP/Debt Service" section of the budget shows a summary of the entire five-year capital spending and funding plan. The key 2018 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 three 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. During 2017 the Village's TIF III, which lies on the southwest corner of Rand and Arlington Heights Roads, reached the end of its life. The Village forwarded the remaining funds to Cook County for distribution to the taxing districts located within TIF III. In the 2018 Budget, there is a \$500,000 budget place holder and \$110,000 budgeted for a Green Corridor Beautification project shown in TIF IV. In TIF V, \$295,000 is budgeted for the Rand Road Corridor Identification project. The Hickory/Kensington TIF also includes a \$500,000 place holder. There is no other large capital project currently scheduled for the TIF Districts during the 2018 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 2018 street program includes the following expenditures:

Street Program (\$6,000,000 – Capital Projects Fund) – This is an ongoing program to resurface or rehabilitate existing deteriorated street pavement and curbs.

Street Rehabilitation Program (\$1,800,000 – MFT Fund) – This is an ongoing street rehabilitation program consisting of the reconstruction of significantly deteriorated street pavement, curbs, and concrete panels.

Some of the other major projects included in the 2018 Capital Projects Fund budget are:

Municipal Buildings Refurbishing Program (\$200,000) – This program includes annual funding for maintenance and renovation of various areas in municipal buildings. The 2018 program includes vinyl tile repair at the Senior Center and painting at Village Hall and Public Works.

Algonquin Road and New Wilke Road Intersection Improvement (\$200,000) – This project includes intersection improvements, signal upgrades, changes to lane widths, and ADA accessibility.

Sidewalk & Curb Replacement (\$375,000) and Brick Paver Maintenance (\$807,000) – 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 Downtown brick paver areas have not seen significant work since they were installed a number of years ago. The 2018 brick paver amount is higher than normal because the \$395,000 budgeted for 2017 was rolled over to 2018, due to project review delays at the Illinois Department of Transportation.

Storm Water Control Fund – The 2018 Budget includes the following significant flood control projects:

Backyard Drainage Improvements (\$300,000) – This 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 with any connections or work on private property being the responsibility of the property owner.

Storm Water Rehabilitation/Replacement Program (\$500,000) – The budget includes the third 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 (\$1,050,000) – 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 2017, there have been 194 rebates paid to single-family homeowners for a total cost to date of \$968,151.

Area 4 – Street Ponding Campbell/Sigwalt (\$2,100,000) – This project involves the installation of larger storm pipes in the area to help prevent street and surface flooding that threatens the private residences and businesses in the area.

Public Building Fund – The 2018 Budget includes the following significant project:

Police Station Construction/CM Fees (\$13,985,000) – Construction of the new Police Station commenced in June 2017, and occupancy is scheduled for early 2019.

Municipal Parking Fund – The 2018 budget includes the following significant projects:

Downtown Parking Study (\$75,000) – Retain a consultant to perform a comprehensive Downtown Parking Study. The study will evaluate existing and projected supply and demand, analyze perceived and actual availability of parking for various user groups, evaluate space and permit allocation, and review parking operations and financial projections.

Parking Structure Maintenance/Repairs (\$142,000) – This includes \$130,000 for the Evergreen parking structure improvements and \$12,000 for the completion of elevator audits.

Vail Garage Sign (\$24,000) – The installation of a public parking sign on the outside of the Vail Street parking garage.

Criminal Investigation Fund – The Criminal Investigation Fund was established to account for Federal and State seizures of assets used in criminal activities. All confiscated assets that are awarded must be used for any general law enforcement purposes or drug enforcement purposes. The 2018 Budget includes the following significant projects:

Equipment Replacement (\$120,000) – funds provided for the installation of fitness equipment at the new Police Station.

Public Safety Command Vehicle (\$275,000) – A mobile command center is a large tactical operations office capable of being deployed to an incident or event where command and control functions are required to ensure that public safety objectives are met. It is estimated that the vehicle would be used 50 to 60 times per year by the Police and Fire Departments, at emergency incidents as well as community events.

General Liability and Workers' Compensation Insurance Funds – In May 2017 the Village Board approved entering into an agreement with the Intergovernmental Risk Management Agency (IRMA) to provide all of the Village's General Liability and Workers' Compensation insurance needs. Under the old self-insurance program, the Village benefitted during low claims years, but experienced significant charges during high claims years which occasionally required infusions of cash into our insurance funds. IRMA is a pooled risk fund comprised of 69 communities. By joining IRMA, the Village lowered its risk exposure to \$100,000 per claim versus the prior self-insured retention levels of \$750,000 for Workers' Compensation and \$1 million for General Liability. There is also a projected

2018 cost savings for General Liability and Workers' Compensation coverage on a combined fund basis of \$184,600.

Health Insurance Fund –The Village and the Public Library are self-insured for PPO health claims and carry an insurance policy for HMO coverage. Long-term claim results show that claims vary from year to year, but have generally balanced out over time. For the eight years between FY2008 through FY2015, there were four low claim years and four high claim years. This normal trend has recently been altered by high claims experience in 2016 and even higher claims coming in during 2017. Per discussions with the Village's health insurance broker, HUB International, the key causes of the recent year over year high claims experience is due to higher pharmacy costs and a number of unique claims that require specialty care and drug therapies. These more unique claims include intestinal disorders, cystic fibrosis, and malignant neoplasms. Over the last three years, pharmacy costs have risen by 19%, 28.7% and 48.2%, or an average increase of 32% per year. During 2018, Village and Library staff will work to manage increasing health insurance costs by reviewing alternative pharmacy program providers, increasing prescription co-pays, and by considering a post-65 retiree carve-out Medicare Supplemental program that includes a pharmacy benefit.

Based on the last two years, the 2018 budget reflects a continuation of the current claims trend, although this may or may not continue. As a result of this unusually high claims experience, the Health Insurance Fund's reserve balance has decreased significantly and is projected to be in a deficit position at the end of 2018 if this trend continues. Since the Village and Public Library are self-insured, it is proposed that during 2017, the Village consider transferring \$2 million in funds from General Fund reserves and a proportional amount of funds from the Library to the Health Insurance Fund in order to support that fund's cash flow needs. This type of transfer was also done in prior years when there were higher claim years in the General Liability and Worker's Compensation Funds.

Arts, Entertainment & Events – The Arts, Entertainment & Events (A&E) Fund was established to account for the Village's costs associated with Village presentation and participation in arts, theatrical and other community events. A quarter of the Village's 1.25% Food & Beverage Tax (FBT) is used as a dedicated source of revenue for this fund. To help control the cost of these events the Village utilizes the two presentations that can be found behind the A & E Fund section. These presentations are the "Special Events – Cost by Event" and the "Special Events – Cost by Department". In the case of a shared-cost event such as Promenade of the Arts which has been produced by an outside firm, or the Taste of Arlington which has been spearheaded by the Arlington Heights Chamber of Commerce, the Village's 2018 costs are limited to the budgeted amount. Any additional costs would be covered by the co-sponsors of these events. The Village's 2018 Budget caps for these two events are outlined at the bottom of the Cost by Event presentation.

Over the last couple of years, Village Departments have been asked to take on additional duties and hours at a number of the special events. The July 4th Parade, Memorial Day Parade, Sounds of Summer, Mane Event, and Taste of Arlington all showed significant increases from the 2017 Budget to the 2018 Budget. In addition, since 2016 the Village has added the Arlington Spring Sweep, Family Field Day Health Event, Bike Arlington Heights, and a winter Downtown Event. The combination of these expense increases has exceeded the increase in Food & Beverage Tax revenues causing an annual imbalance of about \$20,000. The 2018 Budget includes a one-time transfer-in from the General Fund to cover this imbalance, so that the Village can revisit its special event offerings during the year to determine if additional sponsorships can be secured or whether certain events should be discontinued.

Acknowledgements

The 2018 Budget allows the Village to continue its commitment to high quality core municipal services and provides for the Village's ongoing capital improvement program. I would like to thank the entire staff and especially the budget team consisting of Tom Kuehne, Mary Ellen Juarez, Denise Ruda, 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,

A handwritten signature in black ink that reads "Randall R. Recklaus". The signature is written in a cursive style with a light grey rectangular background behind it.

Randall R. Recklaus
Village Manager

**SURVEY OF COMPARABLE MUNICIPALITIES
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME
AUGUST 2017**

ANNUAL ESTIMATED PAYMENTS:

<u>Municipality</u>	<u>2017 Passenger Veh. Stickers</u>	<u>Garbage Bill*</u>	<u>Yard Waste Bill</u>	<u>Combined** Residential Water & Sewer Bill</u>	<u>Storm Water Fee</u>	<u>Home*** Rule Sales Tax</u>	<u>Food & Beverage Sales Tax</u>	<u>Municipal Motor Fuel Tax</u>	<u>Entertain. Tax</u>	<u>Electric Utility Tax</u>	<u>Gas Utility Tax</u>	<u>Telecom Tax</u>	<u>2016**** Municipal Property Tax</u>	<u>Total Estimated Annual Homeowner Costs</u>
Assumptions for Average Family	2 Cars	12 /Yr	48 Bags/Yr	144,000 Gallons/Yr	Estimated Fee/Yr	\$6,000 /Year	\$3,000 /Year	650 Gallons/Yr	\$2,400 /Year	12,300 kWh/Yr \$1,400 /Year	1,700 therms/Yr \$1,650 /Year	\$1,200 /Year	\$73,766 EAV	
1. Rolling Meadows	60.00	\$359.40	\$0.00	2,063.52	51.72	60.00	60.00	26.00	0.00	75.03	0.00	72.00	1282.79	\$4,110.46
2. Hoffman Estates	0.00	\$204.00	\$136.80	1,670.16	24.00	60.00	60.00	162.50	144.00	69.00	85.00	72.00	1045.26	\$3,732.73
3. Mount Prospect	90.00	\$234.96	\$0.00	1,639.68	60.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	853.47	\$3,134.28
4. Elk Grove Village	50.00	202.32	\$108.00	1,728.00	0.00	60.00	30.00	0.00	0.00	75.03	34.00	60.00	696.35	\$3,043.70
5. Wheeling	0.00	\$244.56	\$0.00	1,077.12	27.00	60.00	30.00	0.00	0.00	75.03	85.00	72.00	1189.85	\$2,860.56
6. Arlington Heights	60.00	\$210.00	\$124.80	1,082.40	75.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	871.91	\$2,753.64
7. Des Plaines	60.00	\$202.08	\$0.00	1,159.20	109.44	60.00	30.00	26.00	0.00	70.23	42.50	72.00	916.17	\$2,747.63
8. Park Ridge	90.00	\$0.00	\$0.00	1,430.04	0.00	60.00	30.00	26.00	0.00	68.63	34.00	72.00	739.87	\$2,550.55
9. Schaumburg	0.00	\$0.00	\$0.00	1,675.68	0.00	60.00	60.00	19.50	120.00	0.00	0.00	72.00	458.82	\$2,466.00
10. Buffalo Grove	0.00	\$254.40	\$0.00	851.04	60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	839.46	\$2,327.89
11. Palatine	60.00	\$240.00	\$0.00	794.40	60.00	60.00	30.00	0.00	0.00	75.03	0.00	72.00	894.04	\$2,285.47

*AH Garbage Bill based on estimated once per week pick-up cost for comparison purposes. 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 (08/17), / Cook County Clerk website / Municipal websites / Codes

RATES:

<u>Municipality</u>	<u>2017 Passenger Veh. Stickers</u>	<u>Est. Monthly Garbage Rate (1x/week)</u>	<u>Yard Waste Rate /Bag</u>	<u>Combined Water & Sewer Rate/ 1000 Gallons + fixed fees</u>	<u>Estimated Storm Water Fee/Month</u>	<u>Home Rule Sales Tax Rate</u>	<u>Food & Beverage Sales Tax Rate</u>	<u>Municipal Motor Fuel Tax Cents/Gal</u>	<u>Entertain. Tax Rate</u>	<u>Electric Utility Tax /kWh</u>	<u>Gas Utility Tax /Therm</u>	<u>Telecom Tax Rate</u>	<u>2016 Municipal Property Tax Rate</u>
Arlington Heights	30.00	17.50	2.60	7.30	6.25	1.00%	1.25%	0.00	0.00%	0.00610	0.050	6.00%	1.1820
Buffalo Grove	0.00	21.20	0.00	5.91	5.08	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.1380
Des Plaines	30.00	16.84	0.00	8.05	9.12	1.00%	1.00%	0.04	0.00%	0.00571	0.025	6.00%	1.2420
Elk Grove Village	25.00	16.86	2.25	12.00	0.00	1.00%	1.00%	0.00	0.00%	0.00610	0.020	5.00%	0.9440
Hoffman Estates	0.00	17.00	2.85	11.11	2.00	1.00%	2.00%	0.25	6.00%	0.00561	0.050	6.00%	1.4170
Mount Prospect	45.00	19.58	0.00	10.97	5.00	1.00%	1.00%	0.04	0.00%	0.00351	0.015	6.00%	1.1570
Palatine	30.00	20.00	0.00	5.15	5.00	1.00%	1.00%	0.00	0.00%	0.00610	0.000	6.00%	1.2120
Park Ridge	45.00	0.00	0.00	9.39	0.00	1.00%	1.00%	0.04	0.00%	0.00558	0.020	6.00%	1.0030
Rolling Meadows	30.00	29.95	0.00	14.08	4.31	1.00%	2.00%	0.04	0.00%	0.00610	0.000	6.00%	1.7390
Schaumburg	0.00	0.00	0.00	11.27	0.00	1.00%	2.00%	0.03	5.00%	0.00000	0.000	6.00%	0.6220
Wheeling	0.00	20.38	0.00	7.48	2.25	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.6130

Financial Summaries

ALL FUNDS SUMMARY

FUND	REVENUES	8 Month						
		Per. Ending Dec. 2015 Actual	2016 Actual	2017 Est Act	2017 Budget	2018 Budget	\$ Change	% Change
101	GENERAL	56,281,293	72,754,500	71,965,300	73,411,500	74,476,100	1,064,600	1.5%
211	MOTOR FUEL TAX	1,279,790	1,917,211	1,900,500	1,810,400	1,900,500	90,100	5.0%
215	CDBG	352,994	324,311	256,575	270,800	440,700	169,900	62.7%
227	FOREIGN FIRE INSURANCE TAX	138,117	131,660	131,400	130,800	131,400	600	0.5%
231	CRIMINAL INVESTIGATIONS	95,366	203,475	312,300	83,000	97,500	14,500	17.5%
235	MUNICIPAL PARKING	2,839,424	1,132,145	1,124,040	1,126,200	1,409,200	283,000	25.1%
251	TIF I SOUTH	818	1,534	0	800	0	(800)	(100.0%)
261	TIF III	374,072	386,475	343,000	327,000	0	(327,000)	(100.0%)
263	TIF IV	419,883	397,773	365,600	503,000	364,100	(138,900)	(27.6%)
264	TIF V	78,708	44,222	17,860	43,000	16,400	(26,600)	(61.9%)
266	HICKORY/KENSINGTON TIF	23,558	150,469	375,200	145,500	376,500	231,000	158.8%
301	DEBT SERVICE	7,772,566	7,227,273	7,168,550	7,101,250	7,919,500	818,250	11.5%
401	CAPITAL PROJECTS	4,209,982	6,561,475	9,852,800	9,955,500	7,491,900	(2,463,600)	(24.7%)
426	STORM WATER CONTROL	500,745	46,368	3,956,000	3,859,100	11,652,400	7,793,300	201.9%
431	PUBLIC BUILDING	2,279	35,376,239	140,000	150,000	50,000	(100,000)	(66.7%)
435	EMERALD ASH BORER (EAB)	3,411,504	24,040	15,500	0	0	0	N/A
505	WATER & SEWER	10,628,077	17,302,107	18,702,300	19,897,600	19,510,100	(387,500)	(1.9%)
511	SOLID WASTE DISPOSAL	1,182,700	1,691,644	1,860,100	1,664,000	1,964,000	300,000	18.0%
515	ARTS, ENTERTAINMENT & EVENTS	453,232	780,251	973,400	998,015	926,800	(71,215)	(7.1%)
605	HEALTH INSURANCE	6,311,491	9,677,064	10,278,663	9,720,200	10,361,500	641,300	6.6%
606	RETIREE HEALTH INSURANCE	1,671,580	2,582,385	3,517,900	3,736,600	3,784,000	47,400	1.3%
611	GENERAL LIABILITY INSURANCE	505,501	794,177	832,200	826,400	835,100	8,700	1.1%
615	WORKERS' COMPENSATION	1,378,513	2,273,421	2,137,400	2,068,000	2,090,100	22,100	1.1%
621	FLEET OPERATIONS	2,901,058	3,546,224	3,709,500	3,590,700	3,743,600	152,900	4.3%
625	TECHNOLOGY	1,182,442	1,640,125	1,675,930	1,669,700	1,686,500	16,800	1.0%
705	POLICE PENSION	4,335,743	12,891,514	14,475,900	8,994,000	9,079,000	85,000	0.9%
711	FIRE PENSION	3,350,462	13,221,221	13,855,500	9,799,000	10,043,000	244,000	2.5%
TOTAL REVENUES		111,681,898	193,079,303	169,943,418	161,882,065	170,349,900	8,467,835	5.2%

FUND	EXPENDITURES	8 Month						
		Per. Ending Dec. 2015 Actual	2016 Actual	2017 Est Act	2017 Budget	2018 Budget	\$ Change	% Change
101	GENERAL	52,071,720	69,972,835	72,814,282	73,900,087	74,473,700	573,613	0.8%
211	MOTOR FUEL TAX	457,494	4,116,572	2,210,543	2,210,543	1,907,700	(302,843)	(13.7%)
215	CDBG	352,994	324,311	256,575	270,800	440,700	169,900	62.7%
227	FOREIGN FIRE INSURANCE TAX	42,316	168,322	200,000	200,000	200,000	0	0.0%
231	CRIMINAL INVESTIGATIONS	60,990	188,932	301,500	337,400	677,800	340,400	100.9%
235	MUNICIPAL PARKING	1,653,833	1,796,075	2,110,200	2,168,449	1,544,600	(623,849)	(28.8%)
251	TIF I SOUTH	24,863	10,649	0	25,000	0	(25,000)	(100.0%)
261	TIF III	279,937	280,551	15,000	25,000	0	(25,000)	(100.0%)
263	TIF IV	44,285	862,277	117,700	610,000	710,000	100,000	16.4%
264	TIF V	488,261	1,090	43,800	254,800	305,000	50,200	19.7%
266	HICKORY/KENSINGTON TIF	13,750	16,975	35,000	45,900	560,000	514,100	1120.0%
301	DEBT SERVICE	7,858,146	7,243,442	7,092,500	7,092,500	7,911,500	819,000	11.5%
401	CAPITAL PROJECTS	8,059,208	6,675,733	9,176,349	10,268,522	9,929,300	(339,222)	(3.3%)
426	STORM WATER CONTROL	29,908	894,542	2,485,885	2,435,865	4,686,000	2,250,135	92.4%
431	PUBLIC BUILDING	25,218	889,219	16,678,344	19,237,957	19,050,200	(187,757)	(1.0%)
435	EMERALD ASH BORER (EAB)	1,544,712	1,024,911	5,972,132	6,016,732	0	(6,016,732)	(100.0%)
505	WATER & SEWER	11,535,730	17,778,080	19,680,797	19,929,227	18,646,000	(1,283,227)	(6.4%)
511	SOLID WASTE DISPOSAL	827,829	1,617,379	1,874,845	1,596,400	2,102,600	506,200	31.7%
515	ARTS, ENTERTAINMENT & EVENTS	503,273	699,213	973,308	992,710	925,900	(66,810)	(6.7%)
605	HEALTH INSURANCE	6,305,641	10,151,726	11,471,112	11,993,700	11,846,600	(147,100)	(1.2%)
606	RETIREE HEALTH INSURANCE	1,671,580	2,582,385	3,517,900	3,736,600	3,784,000	47,400	1.3%
611	GENERAL LIABILITY INSURANCE	966,636	761,246	1,084,200	1,085,500	835,000	(250,500)	(23.1%)
615	WORKERS' COMPENSATION	2,110,333	1,551,664	2,022,979	2,023,500	2,089,400	65,900	3.3%
621	FLEET OPERATIONS	2,678,684	2,654,249	5,056,346	5,098,046	4,237,100	(860,946)	(16.9%)
625	TECHNOLOGY	994,842	1,498,665	1,571,283	1,693,683	1,680,500	(13,183)	(0.8%)
705	POLICE PENSION	4,018,101	6,405,539	6,908,646	6,916,200	7,526,300	610,100	8.8%
711	FIRE PENSION	4,149,501	6,500,805	6,800,570	7,017,400	7,255,400	238,000	3.4%
TOTAL EXPENDITURES		108,769,785	146,667,387	180,471,796	187,182,521	183,325,300	(3,857,221)	(2.1%)

FUND BALANCE SUMMARY 2018

Fund	Fund Name	1/01/18 Projected Beginning Fund Balance (Deficit)	2018 Revenues & Transfers In	2018 Expenditures & Transfers Out	2018 Revenues Over (Under) Expenditures	12/31/18 Estimated Ending Fund Balance (Deficit)
101	General	\$30,458,852	\$74,476,100	\$74,473,700	\$2,400	\$30,461,252
211	Motor Fuel Tax	1,652,835	1,900,500	1,907,700	(7,200)	1,645,635
215	CDBG	0	440,700	440,700	0	0
227	Foreign Fire Insurance Tax	377,000	131,400	200,000	(68,600)	308,400
231	Criminal Investigations	2,069,708	97,500	677,800	(580,300)	1,489,408
235	Municipal Parking	3,610,117	1,409,200	1,544,600	(135,400)	3,474,717
263	TIF IV	1,521,813	364,100	710,000	(345,900)	1,175,913
264	TIF V	581,863	16,400	305,000	(288,600)	293,263
266	Hickory/Kensington TIF	483,502	376,500	560,000	(183,500)	300,002
271	TIF Tax Reserve	150,000	0	0	0	150,000
301	Debt Service	1,560,390	7,919,500	7,911,500	8,000	1,568,390
401	Capital Projects	7,041,596	7,491,900	9,929,300	(2,437,400)	4,604,196
426	Storm Water Control	4,293,040	11,652,400	4,686,000	6,966,400	11,259,440
431	Public Building	19,281,172	50,000	19,050,200	(19,000,200)	280,972
505	Water & Sewer	2,474,432	19,510,100	18,646,000	864,100	3,338,532
511	Solid Waste Disposal	3,720,664	1,964,000	2,102,600	(138,600)	3,582,064
515	Arts, Entertainment & Events	(305)	926,800	925,900	900	595
605	Health Insurance	665,310	10,361,500	11,846,600	(1,485,100)	(819,790)
606	Retiree Health Insurance	0	3,784,000	3,784,000	0	0
611	General Liability Insurance	2,621,576	835,100	835,000	100	2,621,676
615	Workers' Compensation Insurance	5,015,357	2,090,100	2,089,400	700	5,016,057
621	Fleet Operations	5,735,217	3,743,600	4,237,100	(493,500)	5,241,717
625	Technology	2,127,515	1,686,500	1,680,500	6,000	2,133,515
705	Police Pension	122,410,270	9,079,000	7,526,300	1,552,700	123,962,970
711	Fire Pension	104,873,149	10,043,000	7,255,400	2,787,600	107,660,749
TOTAL ALL VILLAGE FUNDS		\$322,725,073	\$170,349,900	\$183,325,300	(\$12,975,400)	\$309,749,673

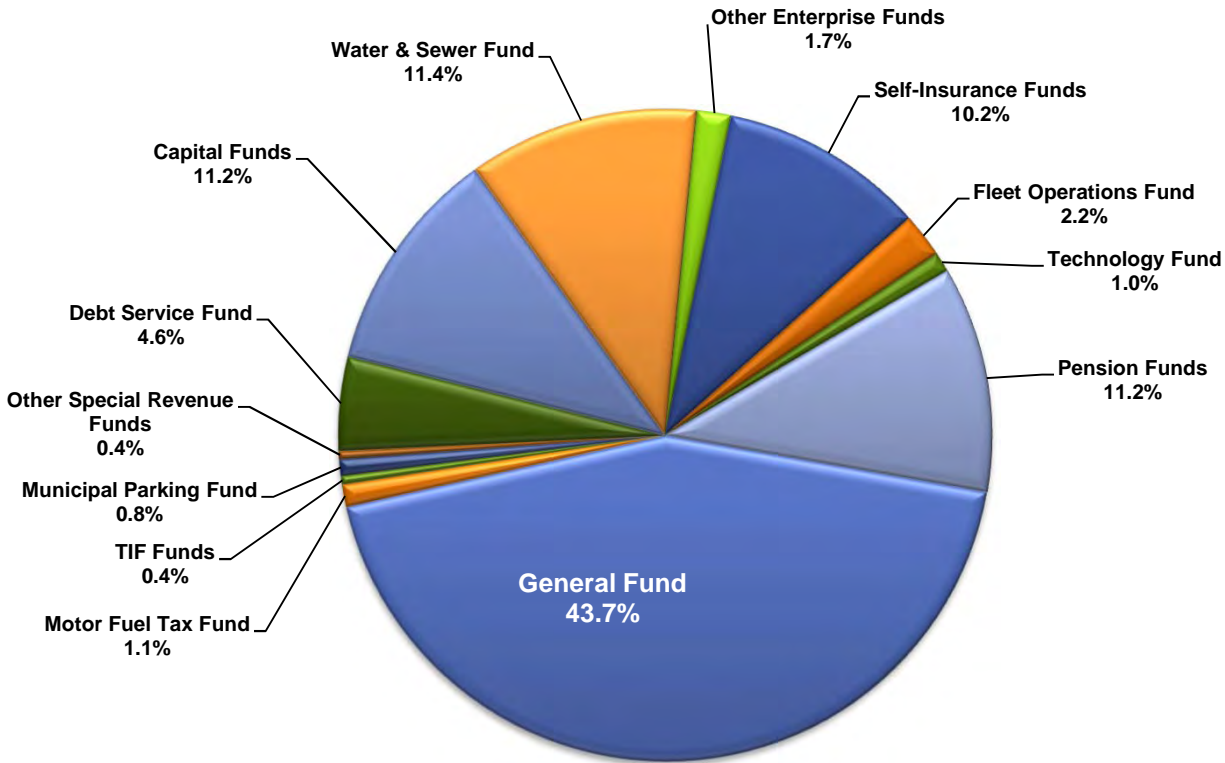
1. The General Fund shows a small 2018 budget surplus. The current financial condition of the fund is healthy as it continues to maintain a fund balance over 25% of annual expenditures.
2. The Motor Fuel Tax Fund shows a small planned operating deficit to complete various road improvements throughout the Village.
3. 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.
4. 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.
5. 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. The deficit in operations in 2018 is due primarily to the expenditures from the remaining project to return the four public parking structures back to their original integrity with a new service life of 40 to 50 years.
6. TIF IV and V Funds reflect a planned drawdown of reserves.
7. Hickory/Kensington TIF is accumulating reserves for future improvements.

FUND BALANCE SUMMARY 2018

8. TIF Tax Reserve Fund – This fund accounts for possible future litigation and possible refunds in TIF III that closed in 2017.
9. The Debt Service Fund accounts for all debt service payments from general obligation bond issuances except those in the Water & Sewer Fund (an enterprise fund).
10. 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.
11. The Storm Water Control Fund has a planned surplus funded by a G.O. Bond issue in 2018.
12. The Public Building Fund will provide for the construction of the new Police Facility which will drawdown the reserves.
13. The Water and Sewer Fund - A planned service rate increase of 5% in 2018 and then a 5% increase for the next year will allow the Village to plan for increases in the amount spent on its water main replacement program.
14. 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.
15. 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 a 25% of the Village's 1.25% Food & Beverage Tax on prepared food.
16. The Health Insurance Fund has a 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.
17. Retiree Health Insurance Fund - This accounting segregates medical insurance expenses for retirees from those expenses of current staff. Retirees pay 100% of their premium for health insurance. Any operating deficit is funded on a pay-as-you-go basis from the Health Insurance Fund.
18. 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.
19. The Workers' Compensation Insurance Fund claims are handled the same as General Liability claims noted above.
20. 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.
21. 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.
22. Police and Fire Pension Funds are both budgeting positive results from operations this year. Funding for future liabilities of the Police and Fire Pension Funds is currently at 73.4% and 66.8% respectively. Per current State Statute, 90% funding must be reached by 2040.

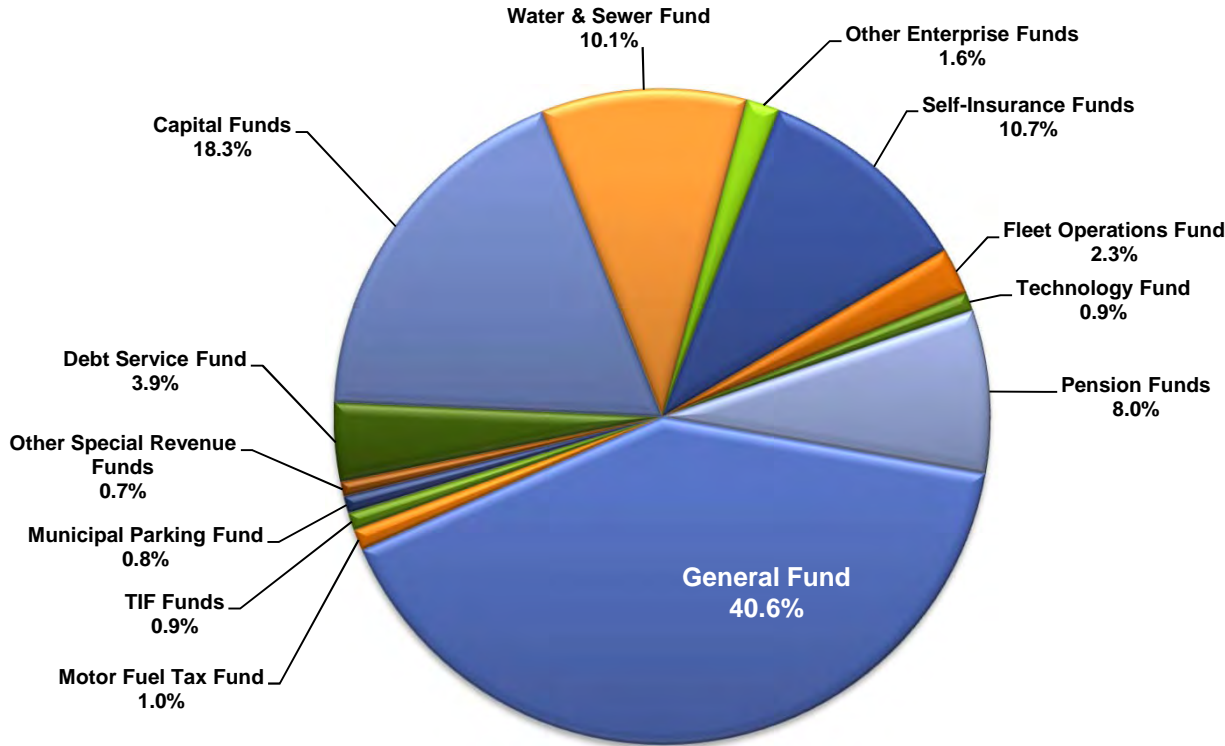
ALL FUNDS REVENUES

2018 Budget



ALL FUNDS EXPENDITURES

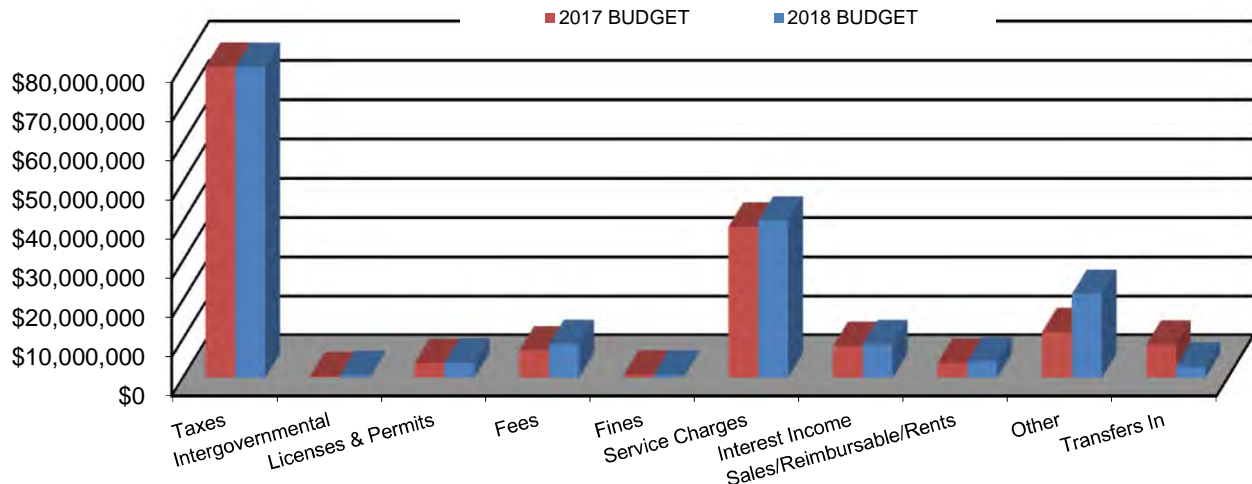
2018 Budget



WHERE THE MONEY COMES FROM

ALL FUNDS REVENUES

2017 Budget vs. 2018 Budget



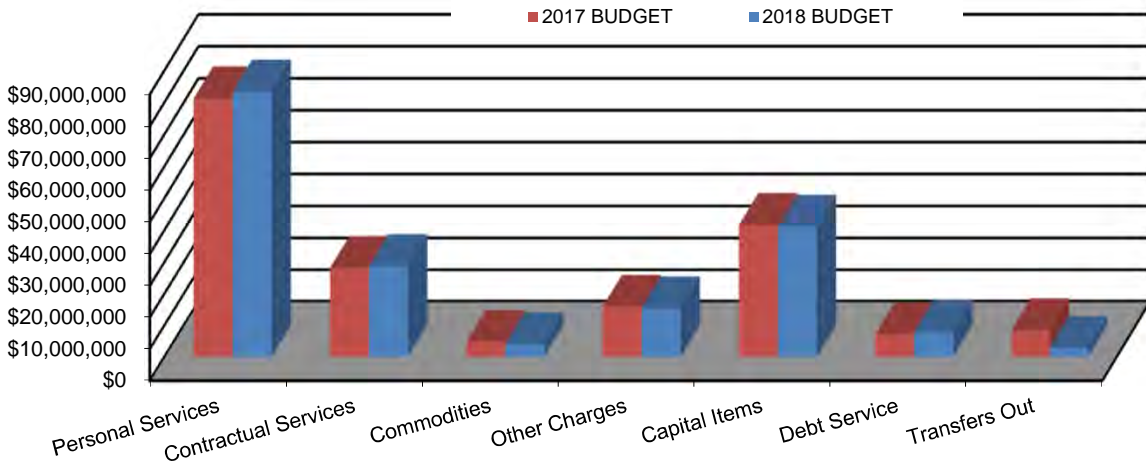
	8-Mo. End. Dec. 2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	% CHANGE
Taxes	61,317,349	77,071,172	79,278,450	79,197,000	(0.1%)
Intergovernmental	460,378	363,720	338,800	691,600	104.1%
Licenses & Permits	2,876,737	4,311,672	3,732,000	3,811,300	2.1%
Fees	4,978,778	7,177,373	6,960,600	8,626,500	23.9%
Fines	512,365	727,634	755,700	745,700	(1.3%)
Service Charges	22,604,757	34,992,660	38,584,900	40,145,800	4.0%
Interest Income	(3,145,995)	14,588,340	8,095,100	8,548,000	5.6%
Sales/Reimbursable/Rents	2,877,859	4,296,659	3,743,100	4,163,400	11.2%
Other	12,108,209	48,001,739	11,709,400	21,491,600	83.5%
	104,590,437	191,530,969	153,198,050	167,420,900	9.3%
Reserves	0	0	202,815	108,000	(46.7%)
Transfers In	7,091,463	1,548,334	8,481,200	2,821,000	(66.7%)
Total Revenues	111,681,900	193,079,303	161,882,065	170,349,900	5.2%

NOTE: **Intergovernmental** revenues increased due to the residual CDBG grant amount carried over from the prior year. **Fees** increased from the increase of Ambulance Transport Fees, Parking Fees and Cable Franchise Fee Receipts. **Service Charges** increased from receiving a full year of Storm Water Utility Fees and increased Health Insurance charges. These increases were offset by a decrease in Water and Sewer charges, which was projected based on historical water consumption that has been trending somewhat lower. **Interest Income** has been increased to match actual earnings. Income Interest continues to be much lower than the historical average. **Sales/Reimbursable/Rents** mainly from the increase in Health Insurance Charges to Retirees. **Other** increased from Bond Proceeds for the Storm Water Control Fund. **Reserves** reflect the planned use of Arts, Entertainment & Events Fund reserves for the repair and replacement of Village infrastructure at the Metropolis Theater. **Transfers In** was decreased from the transfer from the closed Emerald Ash Borer (EAB) Fund to the Capital Projects, General, and Storm Water Control Funds in the prior year.

WHERE THE MONEY GOES

ALL FUNDS EXPENDITURES

2017 Budget vs. 2018 Budget



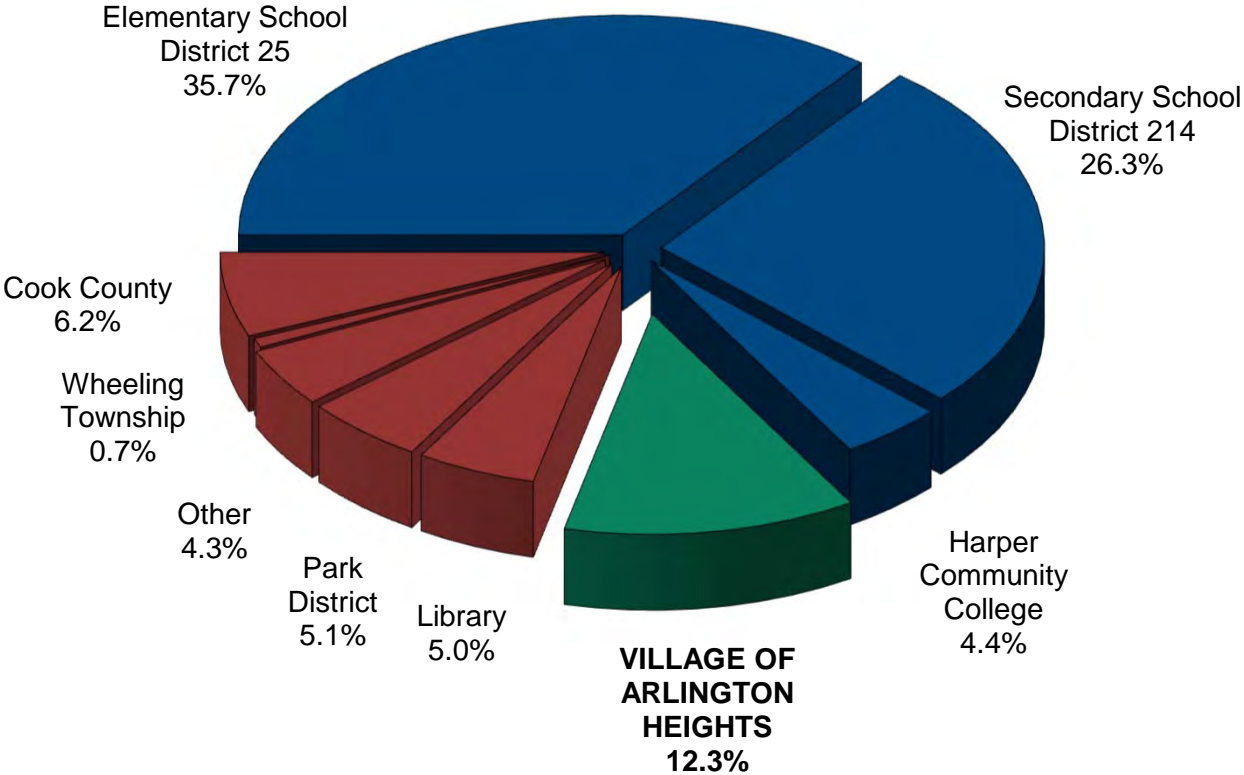
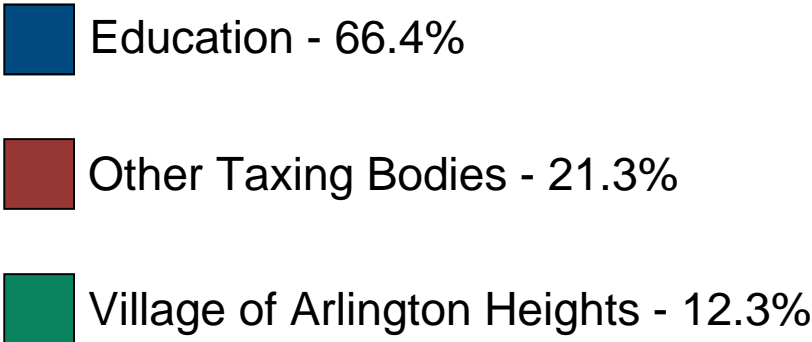
	8-Mo. End. Dec. 2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	% CHANGE
Personal Services	54,078,061	77,861,810	81,243,100	83,377,400	2.6%
Contractual Services	17,737,132	25,515,190	28,096,128	28,741,900	2.3%
Commodities	2,376,512	3,594,417	4,740,225	3,997,100	(15.7%)
Other Charges	9,579,810	12,981,402	15,921,496	15,394,900	(3.3%)
Capital Items	10,050,854	17,922,792	41,607,872	41,081,500	(1.3%)
Debt Service	7,855,955	7,243,442	7,092,500	7,911,500	11.5%
	101,678,324	145,119,053	178,701,321	180,504,300	1.0%
Transfers Out	7,091,462	1,548,334	8,481,200	2,821,000	(66.7%)
Total Expenditures	108,769,786	146,667,387	187,182,521	183,325,300	(2.1%)

NOTE: **Commodities** decreased as the 2017 amount was lighter due to a one-time encumbrance for rock salt. **Transfers Out** was decreased from the transfer from the closed Emerald Ash Borer (EAB) Fund to the Capital Projects, General, and Storm Water Control Funds in prior year.

Arlington Heights

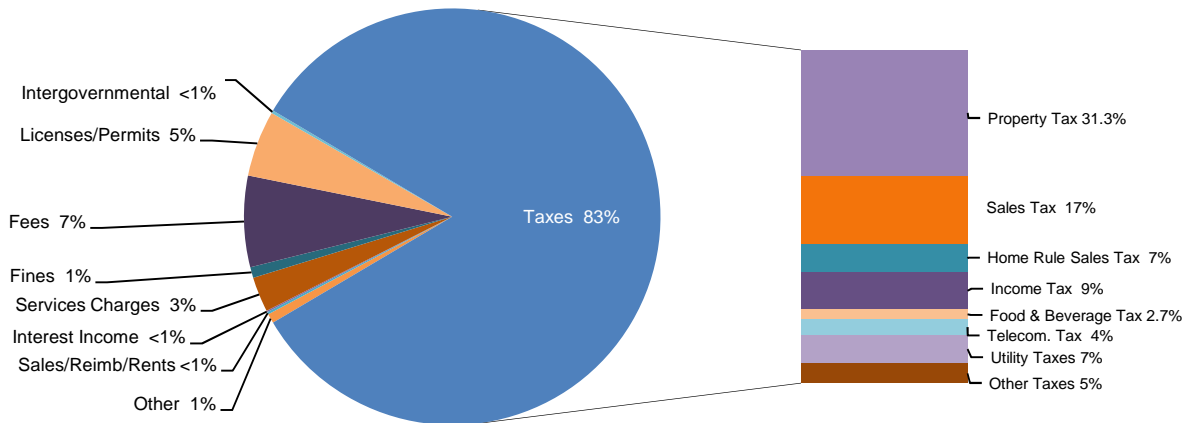
2016 PROPERTY TAX BILL

(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 12.3% OF THE ENTIRE PROPERTY TAX BILL.

WHERE THE MONEY COMES FROM GENERAL FUND REVENUES 2018



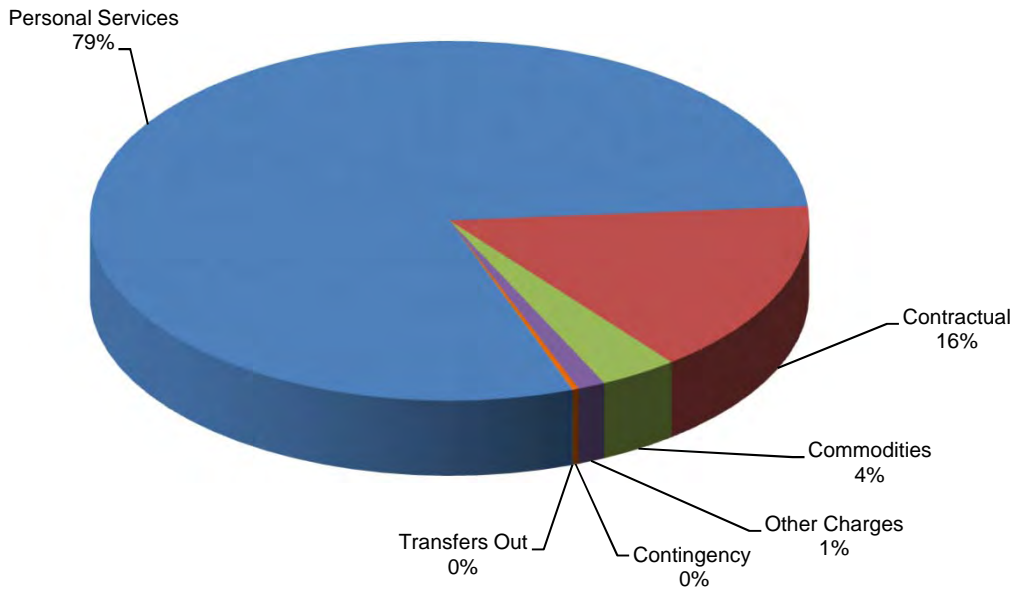
	8-Mo. End. Dec. 2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	% CHANGE
Taxes	47,886,285	60,409,197	61,821,900	61,801,000	(0.0%)
Intergovernmental	160,693	203,491	118,000	168,000	42.4%
Licenses/Permits	2,863,172	4,285,625	3,732,000	3,811,300	2.1%
Fees	2,976,342	4,393,978	4,178,900	5,262,700	25.9%
Fines	431,564	618,695	630,700	625,700	(0.8%)
Service Charges	1,470,612	2,003,713	2,043,700	2,033,200	(0.5%)
Interest Income	37,517	93,291	100,000	88,000	(12.0%)
Sales/Reimb/Rents	105,140	190,290	140,800	135,600	(3.7%)
Other	349,970	356,218	350,900	350,600	(0.1%)
Other Financing	0	200,000	294,600	200,000	0.0%
Total Revenue	56,281,295	72,754,498	73,411,500	74,476,100	1.5%

NOTE: **Intergovernmental** revenues increased due to Police reimbursements and grants that have been awarded for the 2018 Budget Year. **Fees** increased from the increase in Ambulance Transport Fees and Cable Franchise Fees. **Interest Income** has been decreased to match actual earnings. Income Interest continues to be much lower than the historical average. **Sales/Reimb/Rents** decrease was due to the decrease in Rents and Concessions.

WHERE THE MONEY GOES

GENERAL FUND EXPENDITURES

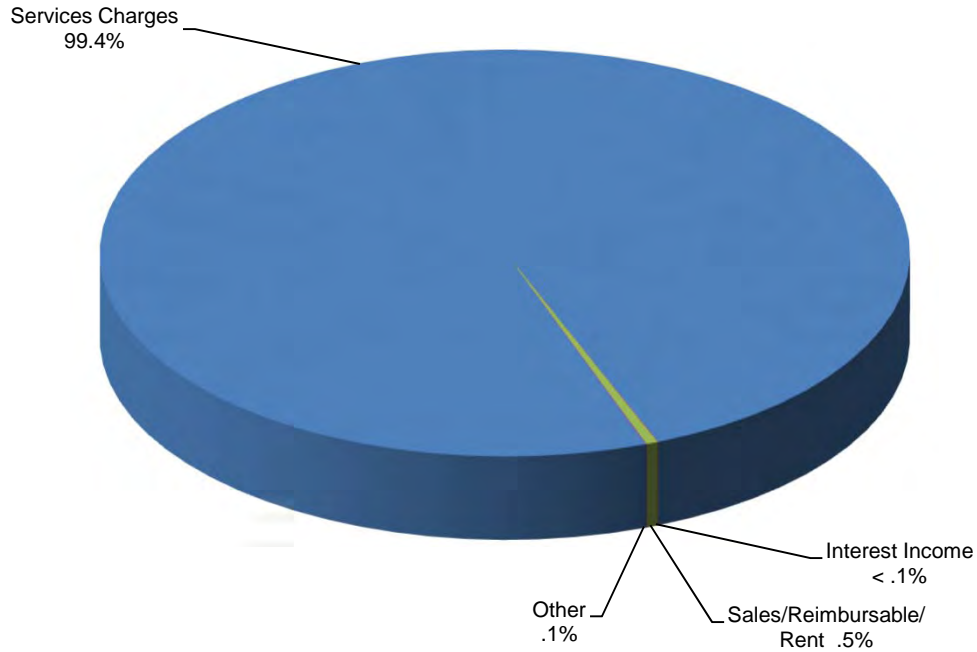
2018



	8-Mo. End. Dec. 2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	% CHANGE
Personal Services	39,975,136	56,154,283	57,800,500	59,048,000	2.2%
Contractual Services	7,311,899	10,564,376	11,524,930	11,683,700	1.4%
Commodities	1,495,257	2,199,186	3,301,861	2,607,200	(21.0%)
Other Charges	789,429	1,054,990	1,030,596	914,800	(11.2%)
Contingency	0	0	242,200	200,000	(17.4%)
Transfers Out	2,500,000	0	0	20,000	100.0%
Total Expenditures	52,071,721	69,972,835	73,900,087	74,473,700	0.8%

NOTE: **Commodities** decreased from a reduction of rock salt expenditures and a decrease in patching materials. **Other Charges** percentage change was from a decrease in the Canine Program and the Sales Tax Abatement payment. **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, 2017 budget shows that there is \$242,200 remaining of the \$242,200 contingency budget. **Transfers Out** increased due to the one-time transfer from the General Fund to the Arts, Entertainment & Events Fund.

WHERE THE MONEY COMES FROM WATER & SEWER FUND REVENUES 2018



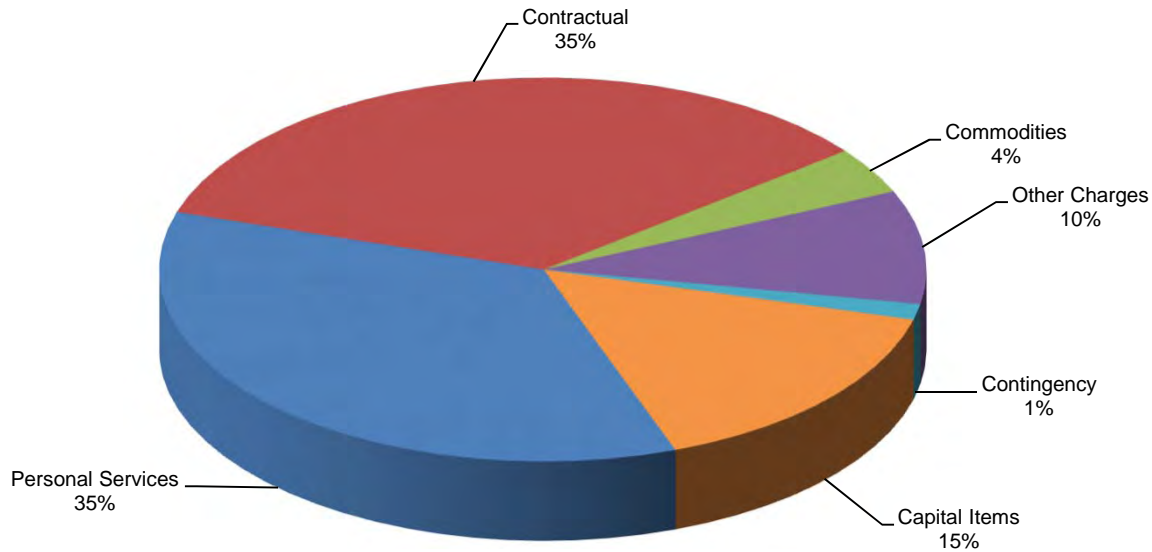
	8-Mo. End. Dec. 2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	% CHANGE
Services Charges	10,222,539	17,169,823	19,789,600	19,402,100	(2.0%)
Interest Income	3,606	5,603	5,000	5,000	0.0%
Sales/Reimbursable/Rent	101,211	90,428	88,000	88,000	0.0%
Other	300,721	36,253	15,000	15,000	0.0%
Total Revenues	10,628,077	17,302,107	19,897,600	19,510,100	(1.9%)

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% was previously approved effective as of January 1, 2018.

WHERE THE MONEY GOES

WATER & SEWER FUND EXPENDITURES

2018



	8-Mo. End. Dec. 2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	% CHANGE
Personal Services	3,911,015	6,018,849	6,381,800	6,600,500	3.4%
Contractual	4,807,398	6,048,035	6,425,830	6,440,400	0.2%
Commodities	530,879	832,609	739,300	735,200	(0.6%)
Other Charges	1,036,393	1,666,991	1,732,300	1,780,900	2.8%
Contingency	0	0	66,800	246,800	N/A
Capital Items	1,250,045	3,211,596	4,583,197	2,842,200	(38.0%)
Total Expenditures	11,535,730	17,778,080	19,929,227	18,646,000	(6.4%)

NOTES: **Personal Services** increased due to pension, health insurance, and wage adjustments. **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, 2017 shows that \$66,800 of the \$66,800 contingency budget remains. **Capital Items** decreased from the prior year due to the completion of budgeted projects for the Emergency Generator Upgrades, Water Tank Repainting and the Deep Well Rehabilitation.

VILLAGE OF ARLINGTON HEIGHTS EMPLOYEE CENSUS

Ten Year Analysis

DEPARTMENT		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	8 Mon. Per.	2016	2017	2018
								Ending Dec. 2015			
Integrated Services	Full-Time	6.50	6.00	6.00	6.00	6.00	5.00	11.00	11.00	11.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Human Resources	Full-Time	4.50	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	1.00	1.00
	Part-Time	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	Full-Time	18.00	17.00	17.00	17.00	17.00	18.00	18.00	18.00	17.00	17.00
	Part-Time	2.00	2.00	1.00	1.00	1.00	0.00	0.00	0.00	1.00	1.00
IT/GIS	Full-Time	7.00	7.00	6.00	6.00	6.00	6.00	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	146.00	138.00	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	113.00	110.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
	Part-Time	1.00	1.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Planning & Comm Devlp	Full-Time	11.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	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	18.00	17.00	15.00	14.50	14.50	16.50	16.50	16.50	17.00	17.00
	Part-Time	1.00	1.00	3.00	3.00	3.00	0.00	0.00	0.00	0.00	1.00
Health Services	Full-Time	11.00	10.00	9.00	9.50	9.50	9.50	9.50	9.50	9.00	9.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Youth Services	Full-Time	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Services	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
	Part-Time	6.00	6.00	6.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00
Engineering	Full-Time	12.00	10.00	10.00	10.00	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
Public Works	Full-Time	49.00	44.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	41.00
	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	41.00	41.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
	Part-Time	0.00	0.00	0.00	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
TOTAL	Full-Time	452.00	426.00	417.00	417.00	417.00	419.00	420.00	420.00	420.00	418.00
	Part-Time	21.00	17.00	20.00	20.00	20.00	16.00	14.00	14.00	16.00	17.00
TOTAL EMPLOYEES		473.00	443.00	437.00	437.00	437.00	435.00	434.00	434.00	436.00	435.00
INCREASE (DECREASE)		(10.00)	(30.00)	(6.00)	0.00	0.00	(2.00)	(1.00)	0.00	2.00	(1.00)
FULL-TIME EQUIVALENTS (FTE)		462.75	434.50	427.00	427.25	427.25	427.25	427.25	427.25	428.25	426.75
INCREASE (DECREASE)		(9.00)	(28.25)	(7.50)	0.25	0.00	0.00	0.00	0.00	1.00	(1.50)

(1) 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 2018

OPERATION	STAFFING			EXPENDITURES			
	2017 Budget	2018 Budget	Inc (Dec)	2017 Budget	2018 Budget	\$ Inc (Dec)	% Inc (Dec)
Board of Trustees	0.00	0.00		\$184,600	\$179,800	(\$4,800)	(2.6%)
Integrated Services	11.50	10.50	(1.00)	2,819,083	2,852,900	33,817	1.2%
Human Resources	4.00	4.00		16,311,900	16,554,200	242,300	1.5%
Legal	2.75	2.75		763,900	783,200	19,300	2.5%
Finance	17.50	17.50		3,905,400	3,762,800	(142,600)	(3.7%)
Boards & Commissions	0.00	0.00		237,300	254,000	16,700	7.0%
Metropolis Theater	0.00	0.00		498,710	404,000	(94,710)	(19.0%)
Police/Police Grant	139.00	139.00		25,792,683	26,297,400	504,717	2.0%
Fire	110.00	110.00		22,393,358	22,620,600	227,242	1.0%
Planning & Community Development	10.00	10.00		3,065,547	4,006,900	941,353	30.7%
Building Services	17.00	17.50	0.50	2,465,100	2,604,400	139,300	5.7%
Health & Human Services	13.00	13.00		2,359,000	2,282,600	(76,400)	(3.2%)
Engineering	10.00	10.00		12,899,749	12,022,800	(876,949)	(6.8%)
Public Works	42.25	41.25	(1.00)	17,781,955	17,757,600	(24,355)	(0.1%)
Criminal Investigations	0.00	0.00		337,400	677,800	340,400	100.9%
Foreign Fire Insurance Tax	0.00	0.00		200,000	200,000	0	0.0%
Comm Development Block Grant Progr:	0.00	0.00		213,800	380,800	167,000	78.1%
Water Utility Operations	0.00	0.00		15,404,322	14,768,000	(636,322)	(4.1%)
Parking Operations	40.75	40.75		723,800	680,200	(43,600)	(6.0%)
Solid Waste Disposal	0.00	0.00		1,096,400	1,602,600	506,200	46.2%
Municipal Fleet Services	0.00	0.00		2,279,600	2,357,100	77,500	3.4%
Pensions	10.50	10.50		13,933,600	14,781,700	848,100	6.1%
Capital Projects - Water/Sewer	0.00	0.00		3,278,405	2,403,100	(875,305)	(26.7%)
Capital Projects - Equipment	0.00	0.00		2,851,446	1,930,500	(920,946)	(32.3%)
Capital Projects - Public Buildings	0.00	0.00		18,447,963	19,050,200	602,237	3.3%
Debt Service	0.00	0.00		7,092,500	7,911,500	819,000	11.5%
Sub-Total	428.25	426.75	(1.50)	\$177,337,521	\$179,126,700	\$1,789,179	1.0%
Non-Operating & Transfers Out	N/A	N/A	N/A	9,845,000	4,198,600	(5,646,400)	(57.4%)
TOTAL	428.25	426.75	(1.50)	\$187,182,521	\$183,325,300	(\$3,857,221)	(2.1%)

CIP / Debt Service

**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 2018 budget.

CAPITAL SPENDING

Building & Land	\$ 18,890,300
Equipment	3,629,500
Signals	357,700
Streets	10,462,400
Sewer	4,425,000
Vehicles	1,930,500
Water	<u>2,028,100</u>
TOTAL	<u><u>\$ 41,723,500</u></u>

CAPITAL FUNDING

Capital Projects Fund	\$ 10,124,300
Water & Sewer Fund	2,942,200
Motor Fuel Tax Fund	1,907,700
Municipal Parking Operations Fund	181,000
TIF Funds	1,251,800
Storm Water Control Fund	3,950,000
Public Buildings Fund	19,050,200
Arts, Entertainment & Events Fund	144,000
Fleet Operations Fund	1,930,500
Technology Fund	<u>241,800</u>
TOTAL	<u><u>\$ 41,723,500</u></u>

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

			2017	2017	2018	2019	2020	2021	2022
CAPITAL SPENDING			EST	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
FUND	PROJ #								
Building & Land									
Overhead Door Replacement	Cap Proj	BL-90-04	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Public Works Annex Improvements	Cap Proj	BL-93-02	14,900	14,928	10,000	10,000	10,000	10,000	24,000
Public Works Annex Improvements	Water	BL-93-02	20,000	20,000	20,000	20,000	20,000	20,000	19,000
Building Equipment Replacement	Cap Proj	BL-95-04	30,000	30,000	48,600	41,200	36,900	36,000	36,000
Municipal Buildings Refurbishing	Cap Proj	BL-95-05	42,000	42,000	200,000	236,300	171,000	143,000	75,000
Municipal Buildings Refurbishing (Garage Electrical Upgrade)	Fleet	BL-95-05	0	0	0	50,000	0	0	0
Roof Maintenance Program	Cap Proj	BL-95-06	474,400	474,418	29,500	241,800	296,700	205,500	150,500
Roof Maintenance Program	Water	BL-95-06	0	0	0	0	197,800	137,000	0
Heating Plant/Air Conditioner Replacement	Cap Proj	BL-96-01	74,000	72,000	51,000	47,000	47,000	42,000	43,000
Heating Plant/Air Conditioner Replacement	Fleet	BL-96-01	0	0	0	69,000	0	0	0
Ongoing Maintenance to Brick Exterior	Parking	BL-96-03	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Ongoing Maintenance to Brick Exteriors	Cap Proj	BL-96-03	20,000	20,000	30,000	30,000	30,000	30,000	30,000
Historical Society Museum - Building Repairs	Cap Proj	BL-96-04	75,000	75,000	25,000	25,000	25,000	25,000	25,000
Parking Structure Maintenance/Repairs	Parking	BL-00-06	751,100	817,785	142,000	0	137,000	0	75,000
Police Building Maintenance	Pub Bld	BL-10-04	15,000	39,994	0	0	0	0	0
Other Building Costs	Pub Bld	BL-11-10	900,000	1,000,000	1,300,000	0	0	0	0
Metropolis Theater Security	A&E	BL-15-04	5,000	5,000	0	0	0	0	0
TIF IV Redevelopment	TIF IV	BL-16-05	400,000	500,000	500,000	500,000	500,000	500,000	500,000
Police Station - Architect/CM Fees	Pub Bld	BL-16-01	813,344	1,396,720	400,200	0	0	0	0
Metropolis Theater Exterior Marquee	A&E	BL-16-04	20,000	20,000	0	0	0	0	0
Police Station - Construction	Pub Bld	BL-16-10	14,000,000	16,000,000	13,985,000	0	0	0	0
Police Station - Contingency	Pub Bld	BL-16-20	0	0	1,600,000	0	0	0	0
Building Asset Management Plan	Cap Proj	BL-16-30	0	50,142	0	0	0	0	0
Metropolis Theater Triangle Rooms & Halls Refurbish	A&E	BL-17-01	0	0	0	7,000	0	0	0
Metropolis Theater Lobby Refurbishment	A&E	BL-17-03	26,900	26,900	0	0	0	0	0
Metropolis Theater Seat Replacement	A&E	BL-17-04	35,000	35,000	0	0	0	0	0
Metropolis Theater Dance Studio Floor	A&E	BL-17-05	0	0	0	0	18,000	0	0
Metropolis Theater- Replace Flooring MPAC	A&E	BL-17-06	0	0	0	0	40,000	0	0
Hickory/ Kensington Redevelopment	TIF H/K	BL-18-01	0	0	500,000	500,000	500,000	500,000	500,000
Vail Garage Sign	Parking	BL-VAIL	0	0	24,000	0	0	0	0
Sub-Total Building & Land			17,741,644	20,664,887	18,890,300	1,802,300	2,054,400	1,673,500	1,502,500
Equipment									
Operational Equipment - Public Works	Cap Proj	EQ-94-01	212,600	212,653	97,200	84,500	71,800	34,700	31,400
Operational Equipment - Public Works	Water	EQ-94-01	309,000	309,000	185,000	176,100	151,000	128,000	78,000
Operational Equipment - Police	Criminal	EQ-95-01	15,100	98,000	395,000	300,000	0	0	0
Operational Equipment - Police Department	Cap Proj	EQ-95-01	63,520	63,520	75,400	44,000	49,400	44,000	44,000
Operational Equipment - Fire Department	Cap Proj	EQ-95-02	315,000	391,139	193,000	415,000	114,000	118,500	184,000
Office Equipment	Cap Proj	EQ-95-03	15,500	15,500	29,500	45,000	45,000	50,000	25,000
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	33,000	33,000	50,500	49,000	47,500	43,200	28,200
IT Equipment Replacement	IT	EQ-97-08	241,800	241,800	241,800	241,800	241,800	241,800	241,800
Emergency Generator Upgrade	Water	EQ-99-02	831,940	831,940	0	879,500	10,000	922,400	0
Operational Equipment - Information Technology	Cap Proj	EQ-01-03	143,000	143,000	140,000	108,000	93,000	93,000	93,000
Operational Equipment - Engineering Department	Cap Proj	EQ-01-04	18,000	18,000	5,000	5,000	5,000	5,000	5,000
Equipment Replacement - Metropolis	A&E	EQ-06-03	29,000	40,895	36,000	37,000	38,000	39,000	40,000
Patrol Vehicle Equipment Replacement Program	Cap Proj	EQ-08-03	36,080	36,066	55,000	35,000	35,000	35,000	35,000
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	10,000	10,000	30,000	58,000	60,000	61,500	63,300
Pumps & Motor Controls Rehab/Repl	Water	EQ-15-30	72,700	72,700	189,100	75,000	141,400	106,000	64,600
Metropolis Theater Sound System & Equipment	A&E	EQ-16-03	28,000	18,915	0	0	0	0	0
Alternative Fuel System Implementation	Cap Proj	EQ-16-05	0	30,000	0	30,000	0	0	0
Cable Access Broadcast & Video Streaming	Cap Proj	EQ-16-07	22,000	22,000	9,000	0	0	0	0
Police Station - FF&E / Security	Pub Bld	EQ-16-10	200,000	51,240	1,765,000	0	0	0	0
Asset Based Work Management System	Cap Proj	EQ-16-15	0	69,228	0	0	0	0	0
Asset Based Work Management System	Water	EQ-16-15	46,152	46,152	0	0	0	0	0
Metropolis Theater Sound System Expansion	A&E	EQ-17-02	13,400	16,000	0	0	0	0	0
Metropolis Theater Clearcom Equipment	A&E	EQ-17-03	0	0	17,000	0	0	0	0
Metropolis Theater LED House Lighting	A&E	EQ-17-04	0	0	61,000	0	0	0	0
Metropolis Theater Monitors - Audio	A&E	EQ-17-05	0	0	20,000	0	0	0	0
Metropolis Theater Monitors - Audio	A&E	EQ-17-06	0	0	10,000	0	0	0	0
Metropolis Theater Moving Lights	A&E	EQ-17-07	0	0	0	15,000	0	0	0
Metropolis Theater Edison for Grid	A&E	EQ-17-08	0	0	0	15,000	0	0	0
Metropolis Theater Sound Console/ Board	A&E	EQ-17-09	0	0	0	35,000	0	0	0
Metropolis Theater Replace Smoke Detectors	A&E	EQ-17-10	0	0	0	13,000	0	0	0
Metropolis Theater LED Series 2	A&E	EQ-17-11	0	0	0	0	0	60,000	0
Metropolis Theater LED CYC Lights	A&E	EQ-17-12	10,400	32,000	0	0	0	0	0
Metropolis Theater New Video Projector System	A&E	EQ-18-01	0	0	0	0	0	0	7,000
Metropolis Theater Retractable Hanging Screen	A&E	EQ-18-02	0	0	0	0	0	0	7,000
Metropolis Theater Lighting Fixtures in Theater	A&E	EQ-18-03	0	0	0	0	0	0	35,000
Metropolis Theater Wireless Microphones	A&E	EQ-18-05	0	0	0	0	0	0	14,000
Metropolis Theater VAN	A&E	EQ-21-01	0	0	0	0	0	20,000	0
Sub-Total Equipment			2,691,192	2,827,748	3,629,500	2,685,900	1,127,900	2,027,100	1,021,300

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

CAPITAL SPENDING (continued)			2017	2017	2018	2019	2020	2021	2022
FUND	PROJ #		EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Signals									
Traffic Signal Maintenance	MFT	SG-03-02	105,500	105,500	107,700	109,900	112,100	114,500	116,800
Traffic Signal Imprv at Northwest Hwy/Wilke	Cap Proj	SG-08-02	491,184	361,182	-	-	-	-	-
Dundee Rd/Kennicott Ave Pedestrian Actuation	Cap Proj	SG-14-05	58,872	56,872	-	-	-	-	-
Traffic Signal Pedestrian Upgrade - Central at Arthur	Cap Proj	SG-14-10	52,260	52,260	-	-	-	-	-
Traffic Signals LED Upgrade	Cap Proj	SG-14-15	24,310	24,310	-	-	-	-	-
Algonquin and New Wilke Intersection Improvement	Cap Proj	SG-17-01	-	200,000	200,000	-	-	-	-
Pedestrian/ Bicycle Crossing - Lake Cook/ Wilke Rd	Cap Proj	SG-18-01	-	-	50,000	-	-	-	-
Sub-Total Signals			732,126	800,124	357,700	109,900	112,100	114,500	116,800
Streets									
Street Resurfacing Program	Cap Proj	ST-90-08	6,169,609	6,169,609	6,000,000	6,100,000	6,200,000	6,300,000	6,400,000
Street Rehabilitation Program	MFT	ST-90-09	2,026,158	2,026,158	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Sidewalk & Curb Replacement	Cap Proj	ST-90-11	67,000	67,000	375,000	385,000	395,000	405,000	415,000
Pavement Crack Sealing Program	Cap Proj	ST-92-01	125,000	125,000	150,000	200,000	200,000	200,000	200,000
Green Corridor Beautification	TIF IV	ST-99-03	-	-	110,000	-	-	-	-
Street Light Cable Replacement	Cap Proj	ST-00-01	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Gateway Signs & Beautification	Cap Proj	ST-01-01	17,000	19,749	-	-	-	-	-
Paver Brick Maintenance	Cap Proj	ST-05-01	36,500	431,454	807,000	412,000	412,000	412,000	75,000
Northwest Hwy/Davis Street/Arthur Avenue	Cap Proj	ST-05-03	338,524	338,524	-	-	-	-	-
Parkway Ash Tree Removal/Replacement Prog	EAB	ST-13-20	356,732	356,732	-	-	-	-	-
Downtown Street Furniture	Cap Proj	ST-14-01	50,000	50,000	10,000	10,000	10,000	10,000	10,000
Nichols Road Reconstruction	MFT	ST-15-05	78,885	78,885	-	-	-	-	-
Downtown Streetscape Improvements	Cap Proj	ST-15-35	20,300	119,478	95,000	200,000	-	-	-
Northwest Hwy (Rt. 14) Corridor Landscaping Impr	Cap Proj	ST-16-20	74,890	74,890	98,000	101,000	75,000	77,000	-
Davis/Sigwalt Streets Fencing/Landscape Upgrade	Cap Proj	ST-17-02	2,000	2,000	82,700	-	-	-	-
South Arlington Heights Road Beautification	Cap Proj	ST-17-12	10,000	10,000	-	-	-	-	-
Rand Road Corridor Identification Enhancement	TIF V	ST-17-20	185,000	184,800	141,800	53,900	28,800	101,800	-
Rand Road Corridor Identification Enhancement	Cap Proj	ST-17-20	19,900	85,800	207,900	57,200	248,800	43,000	-
Downtown Outdoor Living Room	Cap Proj	ST-17-25	-	18,300	-	-	-	-	-
Downtown Light Ceiling	Cap Proj	ST-17-26	-	19,500	75,000	-	-	-	-
Kensington Roadway Improvements (Windsor Drive)	Cap Proj	ST-18-01	-	-	300,000	-	-	-	-
Surface Treatment - Streets (NEW)	Cap Proj	ST-18-02	-	-	200,000	200,000	200,000	200,000	200,000
Sub-Total Streets			9,587,498	10,187,879	10,462,400	9,529,100	9,579,600	9,558,800	9,110,000
Sewers									
Sewer Rehab/Replacement Program	Water	SW-90-01	350,000	350,000	375,000	400,000	425,000	450,000	475,000
Backyard Drainage Improvements	Storm Water	SW-11-02	303,980	303,980	300,000	300,000	300,000	300,000	300,000
Sewer Backup Rebate Program	Storm Water	SW-15-01	0	0	0	100,000	100,000	100,000	100,000
Sewer Back-up Rebate Program	Water	SW-15-01	100,000	100,000	100,000	0	0	0	0
Storm Sewer Rehab/Replacement Program	Storm Water	SW-15-20	981,885	981,885	500,000	500,000	500,000	500,000	500,000
Arlington Knolls Storm Sewer Extension	Storm Water	SW-16-01	400,000	400,000	0	0	0	0	0
Municipal Campus and Downstream Detention	Storm Water	SW-17-06	800,000	750,000	0	0	0	0	0
Enhanced Overhead Sewer Program	Storm Water	SW-18-01	0	0	1,050,000	800,000	800,000	800,000	375,000
Cypress Detention Basin	Storm Water	SW-18-02	0	0	0	2,900,000	2,900,000	0	0
Area D - Greenbrier/Roanoke/Wilke	Storm Water	SW-18-03	0	0	0	0	1,600,000	1,500,000	0
Area 4 - Street Ponding Campbell/Sigwalt	Storm Water	SW-18-04	0	0	2,100,000	0	0	0	0
Sub-Total Sewers			2,935,865	2,885,865	4,425,000	5,000,000	5,025,000	3,750,000	3,250,000
Vehicles									
Vehicle and Special Equipment Repl - PW	Fleet	VH-95-01	1,517,396	1,517,396	672,200	1,710,400	792,800	1,189,400	701,300
Vehicle and Special Equipment Repl - W&S	Fleet	VH-95-02	409,550	409,550	660,000	420,900	98,400	382,500	66,800
Vehicle Replacement - Police Department	Fleet	VH-95-03	152,500	152,500	288,300	506,400	293,600	207,000	261,000
Vehicle Replacement - Fire Department	Fleet	VH-95-04	750,000	750,000	285,000	285,000	138,600	510,300	1,272,800
Vehicle Replacement - Municipal Fleet Services	Fleet	VH-95-06	-	-	-	-	55,000	48,000	-
Vehicle Replacement - Municipal Parking Operations	Fleet	VH-95-08	-	-	-	-	87,100	-	-
Vehicle Replacement - Building & Health Services	Fleet	VH-95-10	-	-	-	-	73,000	50,000	55,000
Vehicle Replacement - Engineering Department	Fleet	VH-95-11	22,000	22,000	25,000	-	-	-	-
Sub-Total Vehicles			2,851,446	2,851,446	1,930,500	2,922,700	1,538,500	2,387,200	2,356,900
Water									
Watermain Replacement Program	Water	WA-90-01	1,564,600	1,564,559	2,000,000	2,000,000	2,500,000	2,500,000	3,000,000
Automatic Meter Reading System	Water	WA-03-02	-	-	-	-	-	737,300	129,100
Water Tank Repainting	Water	WA-11-01	1,094,605	1,094,616	-	1,456,900	875,000	1,036,400	525,000
Deep Well Rehabilitation	Water	WA-11-02	269,200	269,230	28,100	-	-	-	-
Sub-Total Water			2,928,405	2,928,405	2,028,100	3,456,900	3,375,000	4,273,700	3,654,100
Total Capital Spending			39,468,176	43,146,354	41,723,500	25,506,800	22,812,500	23,784,800	21,011,600

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

CAPITAL FUNDING BY FUND	2017	2017	2018	2019	2020	2021	2022
	EST	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Capital Projects Fund	9,191,449	10,166,522	10,124,300	9,442,000	8,848,100	8,591,900	8,159,100
Water & Sewer Fund	4,683,197	4,683,197	2,942,200	5,080,500	4,395,200	6,113,600	4,369,000
Motor Fuel Tax Fund	2,210,543	2,210,543	1,907,700	1,909,900	1,912,100	1,914,500	1,916,800
Municipal Parking Operations Fund	766,100	832,785	181,000	15,000	152,000	15,000	90,000
TIF Funds	585,000	684,800	1,251,800	1,053,900	1,028,800	1,101,800	1,000,000
Storm Water Control Fund	2,485,865	2,435,865	3,950,000	4,600,000	4,600,000	3,300,000	2,775,000
Public Buildings Fund	15,928,344	18,487,954	19,050,200	0	0	0	0
Emerald Ash Borer (EAB) Fund	356,732	356,732	0	0	0	0	0
Arts, Entertainment & Events Fund	167,700	194,710	144,000	122,000	96,000	119,000	103,000
Fleet Operations Fund	2,851,446	2,851,446	1,930,500	3,041,700	1,538,500	2,387,200	2,356,900
Technology Fund	241,800	241,800	241,800	241,800	241,800	241,800	241,800
Total Capital Funding	39,468,176	43,146,354	41,723,500	25,506,800	22,812,500	23,784,800	21,011,600

CAPITAL FUNDING BY REVENUE SOURCE	2017	2017	2018	2019	2020	2021	2022
	EST	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Charges to Operations	3,093,246	3,093,246	2,172,300	3,283,500	1,780,300	2,629,000	2,598,700
Motor Fuel Tax Allotment	1,900,000	1,809,900	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Taxes							
Food & Beverage Tax	167,700	194,710	144,000	122,000	96,000	119,000	103,000
Property Tax	5,200,000	5,200,000	5,300,000	5,400,000	5,500,000	5,600,000	5,700,000
Property Tax Increment	585,000	684,800	1,251,800	1,053,900	1,028,800	1,101,800	1,000,000
Sales Tax Home Rule	1,736,300	1,839,000	1,771,000	1,824,000	1,879,000	1,935,400	1,993,500
Water Sales	4,683,197	4,683,197	2,942,200	5,080,500	4,395,200	6,113,600	4,369,000
Bond Proceeds	15,928,344	18,487,954	19,050,200	0	0	0	0
Other (including parking fees & interest income)	1,469,040	1,242,200	1,539,200	1,539,200	1,539,200	1,539,200	1,539,200
Operating Transfer In	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Cash on Hand/Reserves	4,405,349	5,611,347	5,352,800	5,003,700	4,394,000	2,546,800	1,508,200
Total Capital Funding	39,468,176	43,146,354	41,723,500	25,506,800	22,812,500	23,784,800	21,011,600

CAPITAL IMPROVEMENT PROGRAM (CIP) IMPACT ON THE 2018 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:

BUILDING AND LAND

Project Name: Police Station

Description: Construction of a new 73,000 square foot building.

Budget: Total Project Cost: \$27.9 million

Operating Budget Impact: Upon completion of the building in late 2018 or early 2019, the Village's building operations costs will rise due to increases in janitorial services, maintenance, supplies, and utilities.

WATER

Project Name: Watermain Replacement Program

Description: Replacement of aging watermain throughout the Village.

Budget: \$2,000,000

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

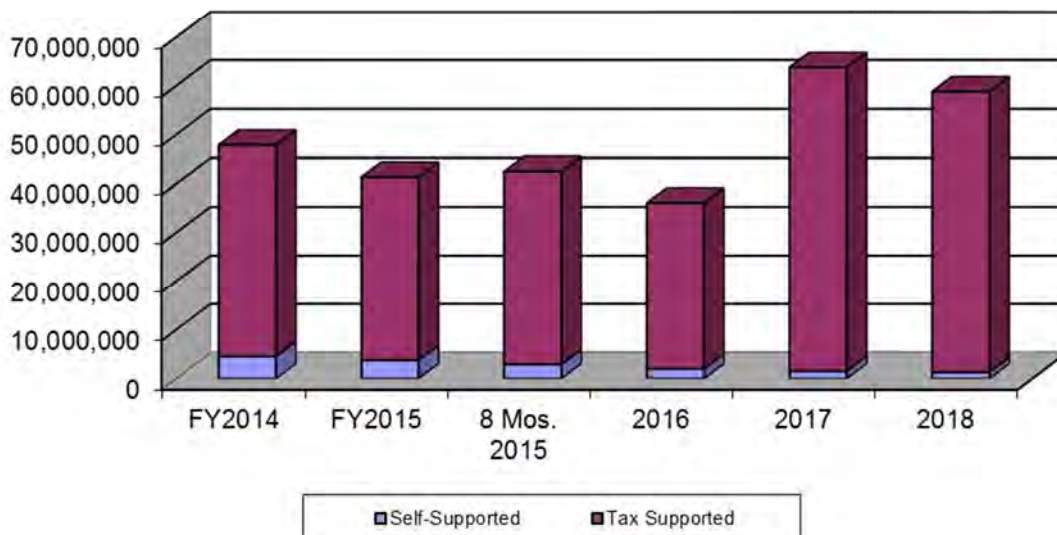
OVERVIEW AND DEBT FINANCING PRINCIPLES

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 2014 through 2018**

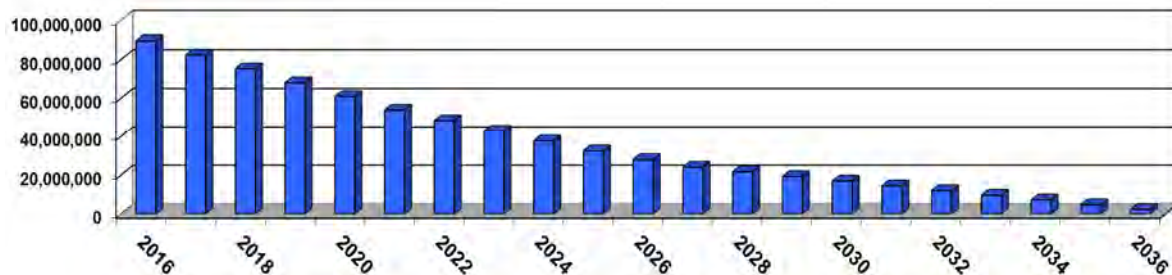


DEBT SUMMARY

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

Total Principal & Interest Outstanding 2016 through 2035

Includes Self-Supported (TIF, NWCD) 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

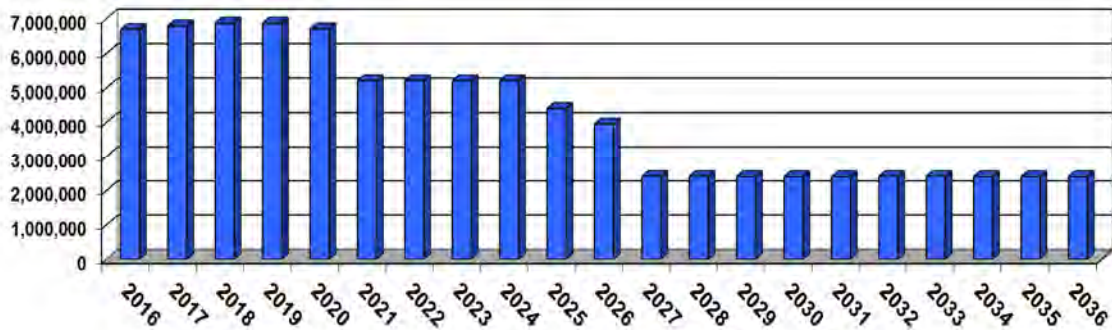
The Village's general obligation bond rating is Aa1 from Moody's Investors Service. A general obligation bond has the full faith and credit of the Village pledged. The general obligation alternate revenue bonds, which are a pledge of a specific revenue source, (i.e. utility taxes, sales taxes, water 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

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

Tax Supported Debt Service Payments by Fiscal Year 2016 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, 2017

ISSUE	PURPOSE	AMOUNT ISSUED	MATURITY DATE	PRINCIPAL OUTSTANDING
2006A G. O. Refunding Bonds	Refunding of 1997C and 1998A Bonds	16,515,000	12/1/2018	345,000
2010 G. O. Refunding Bonds	Refunding of 2002A NW Central Dispatch Bonds	2,855,000	12/1/2022	1,310,000
2011 G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,925,000	12/1/2026	9,485,000
2012A G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,670,000	12/1/2022	7,520,000
2013 G. O. Refunding Bonds	Partial Refunding of 2006 Public Building Bonds	7,755,000	12/1/2019	3,530,000
2014 G. O. Road Improvement Bonds	Street resurfacing and sidewalk replacement	8,000,000	12/1/2020	3,685,000
2016 G.O. Police Station Bonds	Design and build new police station	32,900,000	12/1/2036	32,900,000
TOTAL ALL BONDS				<u>58,775,000</u>

ANNUAL DEBT SERVICE REQUIREMENTS

(PRINCIPAL AND INTEREST)

ISSUE	FUNDING SOURCE	FY2015 ACTUAL	8 Month	2016 ACTUAL	2017 BUDGET	2018 BUDGET
			Period Ending Dec. 2015 ACTUAL			
2003B Refunding of 1997B Senior Center	Property Tax	352,400	334,800	322,400	0	0
2004 Public Buildings	Property Tax	0	0	0	0	0
2006 Public Buildings	Property Tax	1,592,000	3,536,000	0	0	0
2006A Refunding of 1997C & 1998A	Property Tax	353,400	356,800	354,600	357,000	358,800
2009A Refunding of 2001	Property Tax	2,905,875	0	0	0	0
2009B Street Resurfacing	Property Tax	517,625	0	0	0	0
2011 Partial Refunding of 2004 Public Bldg	Property Tax	442,900	441,700	440,500	439,300	442,650
2012A Partial Refunding of 2004 Public Bldg	Property Tax	374,500	370,800	767,100	1,170,400	1,150,400
2013 Partial Refunding of 2006 Public Bldg	Property Tax	322,450	321,750	2,421,050	2,242,000	1,671,200
2014 Road Improvements	Property Tax	0	1,501,658	1,502,550	1,501,050	1,500,550
2016 Police Building	Property Tax	0	0	884,478	1,094,200	1,759,200
SUBTOTAL - PROPERTY TAX		6,861,150	6,863,508	6,692,678	6,803,950	6,882,800
2003A Refunding of 1997A TIF III	TIF Property Tax Increments	264,400	265,000	265,200	0	0
2005 TIF V	TIF Property Tax Increments	429,713	440,513	0	0	0
SUBTOTAL - TIF FUNDING		694,113	705,513	265,200	0	0
2010 Refunding of 2002A NWCDs Building	Northwest Central Dispatch Rent	275,563	281,800	282,300	281,550	285,675
SUBTOTAL - OPERATING REVENUE		275,563	281,800	282,300	281,550	285,675
TOTAL		7,830,825	7,850,821	7,240,178	7,085,500	7,168,475

Community Profile

COMMUNITY PROFILE

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 421 full-time and 14 part-time employees in 13 operating departments: Integrated Services, Human Resources, Legal, Finance, Police, Fire, Planning & Community Development, Building Services, Health & Senior Services, Engineering, Public Works, Water Utility Operations, 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
- Electrical Commission
- 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

Additional Website: www.discoverarlington.com

Elections

Number of Registered Voters	50,998
Number of Ballots Cast in Last Municipal Election 4-4-17	21,999

Village Bond Rating

Aa1

Fire ISO Rating

1 (12/2016)

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	24° F
Average Summer	74° F
Average Annual Rainfall	34.5 Inches
Average Annual Snowfall	34 Inches

Population

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

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	66,266	88.2%
African American	984	1.3%
American Indian/Alaskan Native	95	0.1%
Asian/Pacific Islander	5,357	7.1%
Some Other Race	1,289	1.7%
Two or More Races	1,110	1.5%
Hispanic or Latino	4,306	5.7%

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

Other Household and Resident Data (a)

Total Households	31,769
Median Household Income	\$81,059
Per Capita Income	\$42,725
Median Age	42.8
% of population over 65	18.4%
Education (population 25 years & older)	
High school graduate or higher	96%
Bachelor's degree or higher	52.8%
Unemployment Percentage (12/2016) (b)	4.6%

DEMOGRAPHICS (Continued)

Home Value (a)

Median Home Value	\$320,600
Median Gross Rent	\$1,168
\$0 to \$99,999	1,951
\$100,000 to \$149,999	1,579
\$150,000 to \$199,999	1,500
\$200,000 to \$299,999	5,233
\$300,000 to \$499,000	9,449
\$500,000 to \$999,999	2,930
\$1,000,000 or more	286

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 Streets	1,082	10.3
Open	100	1.0
Total	<u>10,464</u>	<u>100.0</u>

Property Value (d)

Estimated Total Property Value (2016)	\$8,691,700,111
Equalized Assessed Valuation (EAV) (2016)	\$2,896,943,647

	<u>2016 EAV</u>	<u>% of Total</u>
Residential	\$2,155,373,008	74.4%
Commercial	620,835,250	21.4%
Industrial	119,470,906	4.1%
Railroad	1,264,483	0.1%
	<u>\$2,896,943,647</u>	<u>100%</u>

COMMUNITY PROFILE

(Continued)

DEMOGRAPHICS (Continued)

Top Five Property Taxpayers (d)

Luther Village	Retirement Facility
Arlington Int'l Racecourse	Entertainment
New Plan Excel Realty Trust	Real Estate
Town & Country Mall	Shopping
Northpoint Mall	Shopping

Other (d)

Miles of Streets 240

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	21,049
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

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	327,000
Number of Registered Borrowers	62,898
FY2016 Total Circulation	2,271,891

BUSINESS

The Village has 1,723 businesses paying sales taxes.

2016 Kind of Business Report (e)

Sales Category	Sales Volume	%
General Merchandise	\$ 671,569	5.4%
Food	1,803,135	14.5%
Restaurant Dining	1,484,664	12.0%
Apparel	366,412	2.9%
Furniture, Household	848,998	6.8%
Lumber/Building/Hardware	487,296	3.9%
Automotive/Filling Stations	3,637,282	29.3%
Drugs & Misc. Retail	1,708,571	13.8%
Agriculture & All Others	1,179,930	9.5%
Manufacturers	233,289	1.9%
Total	\$ 12,421,144	100.0%

Major Employers (500 Employees or more)

Arlington Park Racecourse (seasonal)	4,500
Northwest Community Healthcare	4,000
Arlington Heights High School Dist. 214	1,669
Lutheran Home	800
Paddock Publications	550
Paylocity Corp.	500
Amita Health (Alexian)	500

COMMUNITY PROFILE

(Continued)

AWARDS & RECOGNITIONS

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. 2014

Governor's Sustainability Award 2013

Community Partnership Award 2013

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