

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

ADOPTED **BUDGET-IN-BRIEF** **2019**

Beginning January 1, 2019



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

VILLAGE OF ARLINGTON HEIGHTS

BUDGET-IN-BRIEF 2019 BEGINNING JANUARY 1, 2019

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
Michael Sidor, Trustee
Jim Tinaglia, Trustee

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
Acting Fire Chief	Andrew Larson

Economic & Community Development

Director of Planning & Community Development	Charles Witherington-Perkins
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Services

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

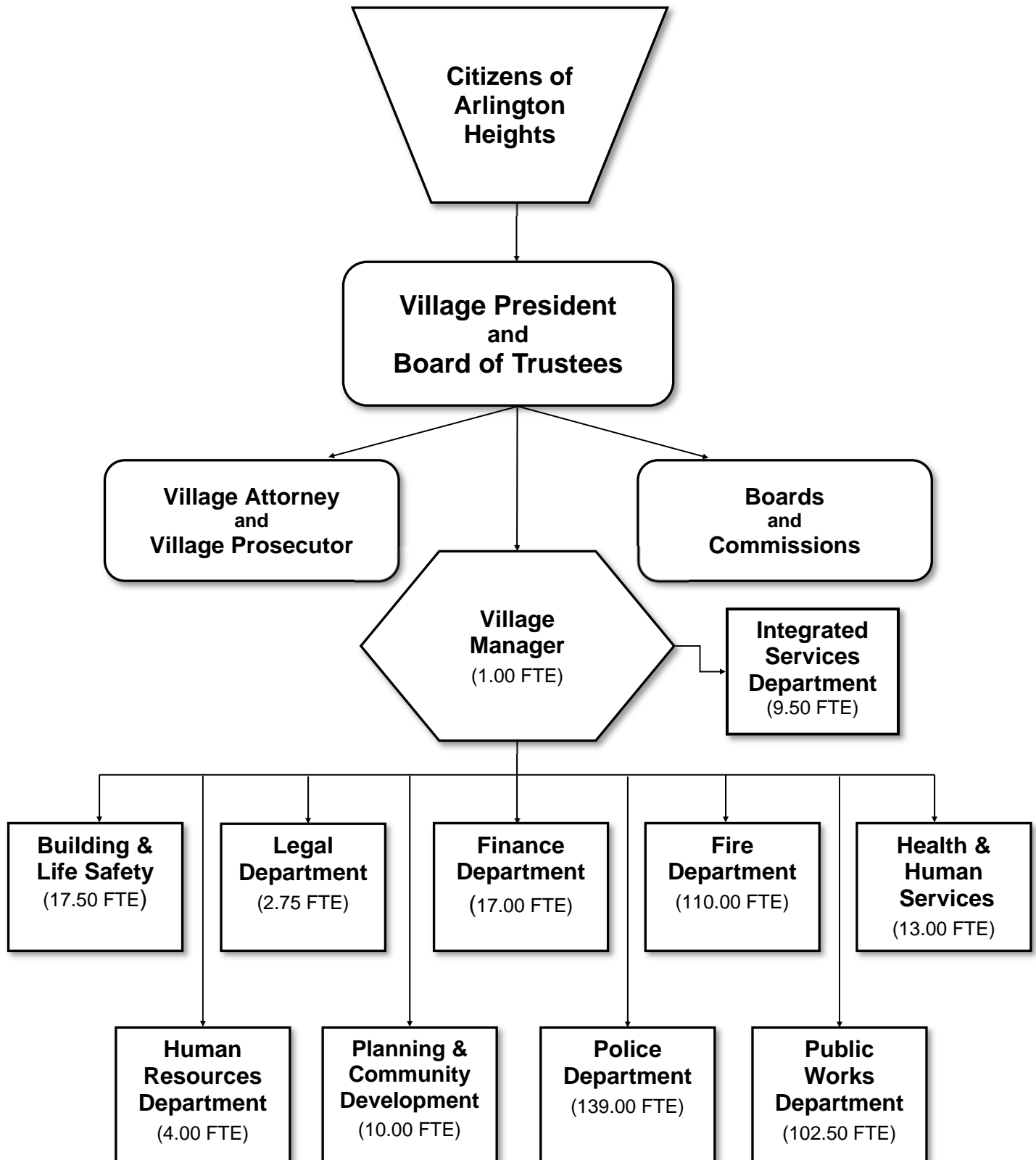
Budget Preparation

Finance Director/Treasurer	Thomas F. Kuehne
Assistant Finance Director	Mary Juarez
Budget Coordinator	Kevin Baumgartner

VILLAGE OF ARLINGTON HEIGHTS

(426.25 FTE)

ORGANIZATION STRUCTURE



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

33 S. Arlington Heights Road
Arlington Heights, IL 60005-1499
(847-368-5000)
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December 3, 2018

Dear President Hayes and Trustees:

I am hereby transmitting the Budget for calendar year 2019.

As opposed to more recent years, the budget for 2019 reflects a more normal operating year. There are always challenges in preparing a lean budget, but this year's budget was not encumbered further by additional fiscal pressures from the State. Last year the State shifted 10% of income tax receipts allocated to municipalities back to the State. During the current State budget process that allocation shift was reduced to 5%, with a promise from the State that this would be eliminated the following year. Recognizing that the State is still experiencing fiscal issues, the 2019 Budget assumes that its portion of income tax receipts will remain at the current allocation level. That equates to an estimated reduction in Village General Fund revenues of about \$391,000. However, the increase in ambulance fees that was effective as of January 2018 offset this loss of revenue.

Overview of 2019 Budget Plan

The 2019 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 work on the Village's 2018-2019 Business Plan which is based on the Village Board's bi-annual goal setting process. Among these efforts was the completion of a long-range revenue report by the Finance Department in June 2018. In light of the Village's ongoing challenge of flattening sales tax revenues and decreasing telecommunications tax receipts, this report outlined alternative revenue sources, as well as some disruptive technologies that may change the way the Village provides some services which can affect our revenue base. As a result of this review, the Village Board directed staff to develop a schedule during 2019, outlining an ongoing plan to adjust the Village's various fines and fees over the next five years. Other budget-related Business Plan projects that are in process include a report on tax base expansion opportunities and the pursuit of cell tower leases on Village property.

Village staff is also continuing its work on re-evaluating its code enforcement processes, and the further use of technology to augment Village services. This includes a multi-year plan to replace the Village's Enterprise Resource Planning (ERP) software system which has been used and updated since 1996. This is the Village's business management software that integrates Village processes throughout the organization. The 2019 Technology Fund budget includes initial funding for a consultant to help the Village plan and implement this complex software transition. During 2019, Planning Department staff will also develop a scope of services and budget for a Village-wide re-branding strategy.

In June 2018 the Village Board approved a detailed five-year Capital Improvement Plan (CIP). This plan is completed on a bi-annual basis with special emphasis on the first two years of the plan. The first year of the CIP is incorporated into the 2019 Budget. The Village continues to prudently plan for the future by investing in our infrastructure in order to maintain safe, reliable roads, water mains

and sewer lines. Key multi-year infrastructure projects that are part of the 2019 Budget include the following:

- Over the prior two years, the Village increased spending on its annual street resurfacing and rehabilitation program from \$5.8 million per year to over \$9.1 million in 2019. The CIP shows that this program commitment will grow by about \$100,000 per year.
- The second year of a multi-year plan to implement storm water control projects throughout the Village. The Village sold a \$10 million bond issue to fund these projects. In addition, the Metropolitan Water Reclamation District (MWRD) has also indicated that the Village will receive grant funding for the Downtown sewer project, which will allow the Village to complete additional storm water control projects over the next five years.
- Year three 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.
- Year four of a nine-year plan to work toward increasing the annual water main replacement program from \$500,000 to \$4 million per year by 2024. The 2019 Budget includes \$2.5 million for this replacement program. Over the long-run these improvements should help reduce the Village's high number of water main breaks. As part of this process, during 2019 staff will complete a water and sewer rate study to compare rates with other area communities and to ensure there is sufficient funding to continue to improve the Village's water distribution system. The study will also seek ways to expedite our water main replacement schedule given shrinking water usage and revenues due to recent wetter summers and improved conservation measures by water users.

During late 2019 and 2020, the Village will have an opportunity to manage its debt service level as some existing bonds will mature. At this time, the Village will decide whether to invest the retiring debt toward needed infrastructure improvements, or toward maintaining Village operations. This decision will likely be influenced by how the economy is performing in 2019.

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 a historical basis for a new projection. A normal operating expense cycle is anticipated and includes expenditure increase assumptions. The Village also has access to its reserves, which 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. 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 2019 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.

2018 Property Tax Levy Payable in 2019

One of the Village's key goals has been to keep any property tax increase as low as possible. A second key Village goal is to ensure that sufficient funds are available to provide a consistent, high-level of Village services each and every year. This year's 2018 property tax levy increase reflects sales and telecommunications tax receipts that are levelling off and are projected to come in under budget for 2018.

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 2019. There is a significant decrease in the IMRF levy for 2019 due to decreases in IMRF's actuarial assumptions for wage progression and mortality rates. However, this is likely to be only a temporary decrease as IMRF's interest rate assumption may be decreased over the next few years. 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 2.5% over the prior year extended levy. Following the adoption of budget ceilings, a detailed budget process was completed by updating revenue projections, finalizing health insurance quotes and reviewing Departmental budget requests. The net effect of these changes has resulted in a 2018 property tax increase that is \$189,000 lower than the estimate, or an increase of 1.97%. The total 2018 property tax levy including the Library's levy increases by 1.70% and is summarized below:

	Extended 2017 Levy	Proposed 2018 Levy For 2019	Dollar Change	% Change
Village				
Debt Service	\$ 6,951,628	\$ 6,884,363	\$ -67,265	-.97%
Police Pension	\$ 3,917,790	\$ 4,017,000	\$ 99,210	2.53%
Fire Pension	\$ 4,901,530	\$ 4,953,000	\$ 51,470	1.05%
Capital Improvement	\$ 5,353,000	\$ 5,400,000	\$ 47,000	.88%
FICA	\$ 1,411,980	\$ 1,427,000	\$ 15,020	1.06%
IMRF	\$ 1,787,700	\$ 1,387,000	\$ -400,700	-22.41%
Police Protection	\$ 5,764,070	\$ 6,245,000	\$ 480,930	8.34%
Fire Protection	\$ 5,764,070	\$ 6,245,000	\$ 480,930	8.34%
Total Estimated Village Levy	\$35,851,768	\$36,558,363	\$ 706,595	1.97%
Library	\$14,108,076	\$14,249,157	\$ 141,081	1.00%
Grand Total Tax Levy	\$49,959,844	\$50,807,520	\$ 847,676	1.70%

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 2019, not including the Arlington Heights Memorial Library, comes to \$176,236,600, a decrease of 9.5% or about \$18.6 million. This decrease is primarily attributable to the following capital expenditure areas:

- Last year's 2018 Budget included \$27 million for the construction of the new Police Station accounted for in the Public Building Fund. Only \$1.3 million is included in the 2019 Budget toward this project, for a total decrease of \$25.8 million.
- Other 2019 capital costs that show a net increase over the 2018 Budget, which offset a portion of the abovementioned decrease, include additional Hickory/Kensington TIF infrastructure improvements and increased spending on storm water control and water system projects. The 2019 Budget for capital projects in these funds are about \$5 million higher than they were in 2018.

Total budgeted expenditures for 2019 exceed total revenues due primarily to the use of reserve funds to pay for multi-year infrastructure projects. These include the downtown streetscape improvements, Rand Road corridor improvements, and LED streetlight conversions in the Capital Projects Fund. In 2019 the Village will also be spending down a portion of the proceeds from the 2018 bond issue on Storm Water Control projects including the enhanced overhead sewer program, the Cypress detention basin, and the Area 4 – street ponding project at Campbell and Sigwalt Streets. A number of vehicles are also scheduled for replacement through the Village's Fleet Fund. Through this internal service fund the Village pays for vehicle replacements by charging departments an annual depreciation charge.

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 nearly 30% 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

As a service organization, Village employees are one of the Village's most important assets. Over the next few years the Village will be challenged with the need to find and hire top level talent, as 47% of our current employees will be eligible to retire in 2019. Eighty five positions (including promotions) were filled in the organization in 2018, underscoring the transition period that is now underway. 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.

An example of this constructive review process for vacant positions occurred at the end of 2017 upon the retirement of one of the Village's Health Nurses and the Administrative Assistant in the Integrated Services Department (ISD). At the time, the Village had also identified a need to hire a Management Analyst to help ISD with the myriad customer service and technology projects that are being undertaken. The Health Nurse had spent a portion of their time on the Village's immunization clinic, however, it was determined that this clinic could be combined with one operated through the Village of Hoffman Estates only seven miles away. By closing the Arlington Heights clinic while still providing this needed service in the area, the Village was able to reduce the Health Nurse position to part-time. After a review of the Administrative Assistant position, it was determined that this position could also be reduced to part-time, which allowed for the hiring of the Management Analyst position at no additional cost.

For the 2019 Budget another organizational change is being incorporated into the budget following the retirement of the Village's Director of Engineering in June 2018. Having a separate Engineering Department is not very common, and none of Arlington Heights' surrounding communities have a separate Engineering Department. In all cases, Engineering is a division of the Public Works Department. Over the last few years the Village has made significant increases in its street, water and storm water infrastructure. This ramp up will require increased coordination and will continue to tax our staff for the foreseeable future. By merging Engineering into the Public Works Department, it is anticipated we will be able to provide an even more coordinated approach to improving and maintaining our infrastructure. Given the workload level of these two departments, this merger will not result in the elimination of any full-time positions, but it will allow for the most efficient allocation of our Staff to tackle the large number of infrastructure projects being planned and underway.

The Village's overall personnel count still reflects a net decrease of 46 positions, or nearly a 10% decrease since FY2009. The 2019 total payroll cost is projected to increase 2.88% over the prior year's wage base, including all step increases and other wage adjustments in all departments. The 2019 Budget includes \$50,000 in additional funds for professional services in Engineering, to provide assistance with inspections as a result of the Village's decision to increase its annual street program. The Public Works overtime account was also increased by an additional \$41,000 to provide sufficient funds for installing the new LED street lights and to cover its additional corridor landscaping responsibilities.

The Building & Life Safety Department adjusted its 2019 budget internally in order to allocate additional funds for Temporary Help. The intent of this adjustment is to hire a Temporary Clerk to assist with the entry of inspection data. This would allow Inspectors to spend more of their time in the field on inspections. Over the next couple of years the Building & Life Safety Department will continue to look for ways to automate the data generated by inspections. The Health Department also made some internal budget adjustments within its budget ceiling in order to allow for some additional part-time hours at the Senior Center.

To be conservative the Village's long-term projections typically assume an increase in health insurance costs of 8% per year. Based on the Village's more recent high claims experience, during 2018 staff undertook a comprehensive review of its health insurance program. This review included comparing the Village's current costs against joining an intergovernmental health insurance pool, consideration of carving-out the 100% retiree paid premiums into a separate health insurance product for post-65 and older Village retirees, the potential of increasing co-pays and employee cost sharing, consideration of an alternative pharmacy provider, and the inclusion of a 2% margin on the cost of the PPO plan.

For 2019, Blue Cross Blue Shield provided competitive rates for the Village's PPO and HMO health plans. As a result, a switch to an intergovernmental health insurance pool did not provide a clear financial incentive at this time. However, this may be a more viable option in the future depending on long-term claims experience. For the 2019 plan year the Village included a 2% margin in the estimates for the Village's self-insured PPO claims. The effect of this change was an additional increase in PPO premium charges to employees who use this plan. Over the last couple of years the PPO plan expenditures have come in higher than estimated by about 2% due to a handful of extraordinary ongoing claims. Since the PPO plan is self-insured, this margin was included in order to capture the full share of costs for the users of this plan. Medical premium costs for 2019 are budgeted to increase by 9.6% for PPO coverage and by 5.6% for HMO coverage, or a blended rate increase of 7.95%.

The balance of this budget message identifies the process that has been followed to prepare this financial plan for 2019, a detailed review of the General Fund, as well as budget narrative on other Village funds. Additional charts and graphs on the budget as a whole and on selected funds can be found in the Financial Summaries section of the budget.

Explanation of the Budget Process

The Village of Arlington Heights operates under the Budget Officer Act as outlined in the Illinois Compiled Statutes. Under this law the Village Board is required to adopt the budget prior to the beginning of the fiscal year to which it applies. The law also provides that the budget shall serve as the Village's annual appropriation ordinance. After the local election process that occurs every two years, each Department Director presents an outline of their Department's services, workload indicators, key accomplishments, and new initiatives to the "new" Village Board. This is followed by the Village Board's bi-annual goal setting process during June of that year. After the Board's goals and objectives are established, Staff develops a two-year business plan that reflects the Board's stated goals. In even-numbered years, a detailed five-year Capital Improvement Program (CIP) is developed with special emphasis on the first two years of the plan. This reflects the multi-year nature of many of the capital projects that are included in the CIP. During the years when there isn't a detailed CIP being presented to the Board, Staff provides the Board with a summary update showing any changes in estimated costs from the prior year. By July of each year, multi-year projections are provided to the Board for the General and Water & Sewer Funds, which are the Village's largest operating funds. These projections include an estimated property tax levy amount. Based on these projections, the Board sets budget ceilings which each department uses as an upper limit when developing its spending plans. As the 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 \$25,000. Budget transfers above this amount require the approval of the Village Board. This allows the Village the flexibility it needs to operate efficiently due to the scope of its operations. This also serves to increase the accountability of Department Directors by encouraging them to budget realistically and to keep a close watch on each expenditure line item during the year.

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

	<u>General Fund</u>	<u>Water & Sewer Fund</u>
Budget Ceiling	\$76,177,200	\$21,209,500
2019 Budget	<u>\$76,139,500</u>	<u>\$21,636,600</u>
Over (Under) Ceiling	\$ (37,700)	\$ 427,100

During the department reviews, the budget team and department directors worked to prepare a budget at or below the budget ceilings. The 2019 budget for the General Fund is lower than the budget ceiling established by the Village Board in July 2018. The Water & Sewer Fund would have come in under the budget ceiling were it not for additional water main work being recommended by Public Works. The reconstruction of Yale and Beverly streets has been scheduled by Engineering and it was determined that the water main on those streets should also be replaced at this time. To minimize the inconvenience of construction for our residents, and to accommodate the coordination of these street and water main infrastructure projects, an additional \$500,000 is included in the 2019 water main replacement program to be paid for through a no interest loan from the Storm Water Control Fund. A maximum number of projects are already programmed for the Storm Water Control Fund, allowing for the temporary use of these reserves by the Water and Sewer Fund.

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 65% of the total General Fund revenues:

- Property Tax	32% 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 2019 Budget for sales tax receipts shows a slight .5% decrease compared to the

prior year budget. As noted earlier, the Village's income tax revenue decreased in 2017 when the State shifted 10% of income tax receipts allocated to municipalities back to the State. The 2019 Budget reflects State action reducing this allocation to 5%. As a result of this change and an increase in State wages, income tax receipts are projected to increase by 8% over the prior year. The State remains in a precarious financial position, and for this reason the budget assumes that the current 5% allocation shift will continue in the future.

The Village is also seeing a continued decrease in its Telecommunications tax receipts, and the 2019 Budget reflects a 10% 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 2019 Staff will develop an ongoing plan to adjust the Village's fines and fees on a scheduled basis over the next five years.

One revenue source that is showing growth is the Local Use Tax, which is projected to increase by 12% over the prior year. Over the last decade there has been downward pressure on sales tax receipts due to the inexorable expansion of online retail sales, and the closure of some brick and mortar businesses. In 2015 the State passed a law requiring Internet retailers with no physical presence, but which have potential nexus, to collect a 6.25% State use tax (but not local sales taxes). The State receives 80% of the use tax receipts with the remaining 20% is divided between local entities. As a result, the Village's portion of the State use tax has increased, but it represents only a fraction of the sales tax lost through online purchases. In June 2018 the U.S. Supreme Court ruled that all larger out-of-state online vendors are required to collect sales or use taxes. This will likely continue to increase the amount the Village receives through its portion of the use tax, but the Village cannot estimate what this increase may be until actual collections are received.

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

The 2019 General Fund budget for expenditures increases by 1.7% compared to the prior year. During this year's internal Department review process, Staff's budget team completed a detailed review of each Departments budget performance over the past few years. The intent was to ensure that the allocation of funds through the budget process is being done in the best way possible in order to meet the Village Board's goals and objectives. Through this review it was determined that the Public Works Department was consistently coming in under budget each year, and to a lesser extent the Police and Fire Departments have also come in under budget. As a result, the 2019 budget ceilings for these Departments were reduced by \$300,000 from Public Works and \$30,000 each from the Police and Fire Departments. These reductions were offset within the General Fund's budget ceiling by increased health insurance costs, additional Engineering professional service costs, and additional corridor landscaping requirements and the installation of LED street lights in Public Works. The General Fund contingency account was also increased to account for potential weather related cost overruns in salt purchases, overtime, or other extraordinary occurrences. With these changes the General Fund still came in under its budget ceiling while providing adequate funding for all Departments.

Due to flattening revenues there are a very limited number of new programs incorporated into the 2019 General Fund budget. The 2019 Budget includes \$4,800 in the Integrated Services Department for a subscription to Archive Social. This software automatically captures, in real time, records of all of the Village's social media platforms. Having up to date archived records of our social media

streams is also essential in addressing freedom of information requests. An additional \$12,000 is included in the Board of Fire and Police Commissioners budget to purchase revised exam booklets which need to be refreshed every few years. During 2018 and as reflected in the 2019 Budget, the Village moved away from a retainer fee for the Village Attorney. To more clearly identify the various types of legal fees, the 2019 Budget shows separate accounts for Village Attorney charges, total Village Prosecutor charges including the retainer, and other legal services. Total budgeted legal service charges remain unchanged from the prior year.

The budget includes \$83,500 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, 2017. The Village has had a long-standing partnership with Meet Chicago Northwest, and this will be the third 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 2019 fiscal year in July 2018, the budget is reported to be somewhat unbalanced. 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's working cash reserves continue to be challenged by decreased water usage due in part to wetter spring/summer weather. This has resulted in lower water and sewer revenues than budgeted. In addition, there are more efficient plumbing systems installed in residential and commercial properties, and a greater awareness by the public of water conservation methods.

The Village's water and sanitary sewer infrastructure is aging, and the average number of water main breaks are two to three times that of comparable communities. To address this issue the Village has implemented a water and sewer rate adjustment schedule which has allowed the Village to increase the amount spent on its water main replacement program by about five times from around \$500,000 per year to about \$2.5 million per year. Even with the planned rate adjustments the Village's water and sewer rates have remained at or below the average for communities in the surrounding area. The Village's goal is to increase its water main replacement program costs to an annual \$4 million commitment by 2024. Once this funding level is reached, the Village will be at the industry standard of replacing 1% of our water mains each year. However, to reach this standard the Village will need

to consider increasing its water and sewer rates. Alternative rate schedules will be included as part of the next water rate study scheduled for the summer of 2019.

As noted earlier, an additional \$500,000 in water main work is included in the 2019 Budget in order to coordinate the street reconstruction and water main projects on Yale and Beverly streets. The cost of this additional work is being covered by a no interest loan from the Storm Water Control Fund. The balance of the 2019 water main program has been planned to coincide with the Cypress Detention project.

The 2019 Water and Sewer Fund budget also includes \$1.4 million to repaint the Thomas Tank Hydro Pillar and \$879,500 to replace the generator in Well #17. The ongoing Sewer Rehabilitation & Replacement program of \$400,000 provides for the replacement and repair of defective or collapsed sewers, and the rehabilitation of older clay sewers by sleeving the interiors of pipes with newer epoxy fiberglass resin.

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 a bi-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 has consistently been for streets and storm water control projects. Village staff analyzed the cost and eligibility of all the proposed projects, and the Board subsequently examined the requests along with staff recommendations. Certain capital projects are considered only if the persons and property owners are agreeable to special assessment or special service area financing. In other cases projects are included in the CIP since they would benefit the community as a whole. In June 2018, the Village Board reviewed the detailed capital improvement program and approved the five-year Capital Improvement Plan for 2019 - 2023.

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 2019 Budget. The "CIP/Debt Service" section of the budget shows a summary of the entire five-year capital spending and funding plan. The key 2019 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. In the 2019 Budget, there is a \$750,000 budget place holder and \$150,000 budgeted for a Green Corridor Beautification project

shown in TIF IV. In TIF V, \$355,000 is budgeted for the Rand Road Corridor Identification project. The Hickory/Kensington TIF also includes a \$1,500,000 for the construction of public infrastructure associated with the development of a new apartment building. There is no other large capital project currently scheduled for the TIF Districts during the 2019 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 2019 Budget also includes \$36,000 for an infrastructure lobbyist. There are a myriad of State and Federal grant opportunities that the Village may be eligible for, and there is typically a lot of competition to secure these funds. It is hoped that a lobbyist could help the Village secure more grant funding than the cost of this expense.

The 2019 street program includes the following expenditures:

Street Program (\$6,100,000 – 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 2019 Capital Projects Fund budget are:

Operational Equipment – Fire Department (\$455,000) – Equipment expenses are higher than normal due to the replacement of 60 self-contained breathing units. The total cost of these units is \$461,000, but the Foreign Fire Insurance Board has agreed to cover \$88,000 of the replacement cost for a net cost to the Village of \$373,000. These units have a lifespan of about 10 years. In addition to the SCBA units, this amount includes a defibrillator and communications package (\$38,000), AED replacements (\$12,000), equipment for a new squad car (\$25,000), and lights and equipment for a staff vehicle (\$7,000).

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 (\$385,000) 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.

Rand Road Corridor Identification Enhancement (\$239,000) – This is a multi-year plan to create a separate unifying identity for this shopping district. The first phase entailed initial preliminary design, and funds have been re-budgeted pending receiving approval from the Illinois Department of Transportation.

LED Street Lighting Conversions (\$64,000) – This is the first year of an eight year plan to convert all Village owned street lights to energy efficient LED's. The manufacturer's projected life expectancy

is 10-15 years, and the expected payback period for the additional cost of the LED lights versus the reduced maintenance costs and a rebate from Com Ed is three years.

South Arlington Heights Road Corridor (\$200,000) – A key corridor that was recently highlighted by local business owners as needing improvement is the South Arlington Heights Road Corridor. The 2019 Budget includes funds for a consultant to help design specific improvement plans. Funding for future improvements to this corridor will need to be identified.

Storm Water Control Fund – In 2018 the Village sold a \$10 million bond issue to pay for a number of storm water infrastructure projects over the next five years. The principal and interest on these bonds is being covered by storm water utility fees that were implemented in late 2017. In addition to this revenue source, the Village continues to actively seek out grant funding opportunities. Through these efforts, the Village is grateful to have been selected recently for grant funding assistance from the Metropolitan Water Reclamation District of Greater Chicago (MWRD). This grant will cover a majority of the cost for the Downtown sewer project (Area 4 – Street Ponding Campbell/Sigwalt). This project, slated for 2019, will help mitigate against backups for up to 250 homes and will target street flooding on Campbell west of Vail. The receipt of these grant funds has allowed the Village to include additional storm water control projects on the five-year infrastructure spending plan, which is included in the Storm Water Control Fund section of the budget. The 2019 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. Additional grant funds are being sought for this program in 2019 as well.

Storm Water Rehabilitation/Replacement Program (\$500,000) – The budget includes the fourth year costs of a multi-year program to lightly clean, televise, and analyze the condition of the Village's system. This portion of the program will take about eight years to complete, after which the budget for this program will be devoted to storm rehabilitation and replacement work identified by televising the system.

Enhanced Overhead Sewer Program (\$250,000) – The overhead sewer program (OHS) is designed to offer a rebate to single-family homeowners of the direct costs of converting an existing gravity sewer system to an overhead system. The average cost to install a sewer back-up system can range from \$10,000 to \$15,000. The standard program offers a rebate paid to the owner by the Village for up to 50%, not to exceed \$7,500 of these costs. The Village authorized an enhanced program as of October 1, 2017, which allows the first 400 applicants to receive a rebate of 75%, not to exceed \$11,250 of the direct costs of converting the system. Permit fees associated with these direct costs will also be waived. Installing a sewer back-up system increases an owner's property value, but the significant out-of-pocket expense has prohibited some residents from participating in the program. From the inception of the program in FY2007 through October 2018, there have been 222 rebates paid (including 26 from the enhanced program) to single-family homeowners for a total cost to date of \$1.2 million.

Cypress Detention Basin (\$2,650,000) – A lack of storm drainage in the Cypress Street area inhibits development and can result in street and surface flooding problems, threatening private residences in the area. These improvements will include an expansion of the Cypress Detention Basin and related storm sewers at a cost of \$5.8 million over the next couple of years.

Area 4 – Street Ponding Campbell/Sigwalt (\$2,085,000) – 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 2019 Budget includes the following significant project:

Police Station Construction/CM Fees (\$1,300,000) – The construction of the new Police Station is scheduled for completion and occupancy by early December 2018. The 2019 budget includes \$500,000 for final contingency payments and other potential costs that typically arise during the first few months after a major construction project. As discussed during the CIP process, the 2019 Budget also shows a transfer of \$800,000 in available Public Building Fund reserves to the Capital Projects Fund.

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 2019 Budget includes the following significant projects:

Operational Equipment (\$71,300) – funds are included to purchase an additional license plate recognition reader, an unmanned aerial system, a mobile fingerprint device, and active shooter vests with armor plates.

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 2019 costs are limited to the budgeted amount. Any additional costs would be covered by the co-sponsors of these events. The Village's 2019 Budget caps for these two events are outlined at the bottom of the Cost by Event presentation.

Over the past year Staff reviewed some of the events that showed larger cost increases from year to year, and was able to identify specific reasons for these increases. Through the Cityworks software Public Works has been able to prepare a more complete tracking of expenses for the Village's arts, entertainment, and events activities. As the Village's events have become more successful they have required more frequent trash pick-up, additional portable toilets, and more frequent cleaning of the washrooms in the Metropolis Building. To accommodate these needed costs, an ongoing transfer from the General Fund to the A & E Fund of \$20,000 is included in the 2019 Budget.

To bring the A & E Fund's working cash position to a positive balance, the 2019 Budget shows the 2018 reserve for replacement being limited to \$25,000 rather than the annual \$75,000 allocation.

Acknowledgements

The 2019 Budget continues the Village's commitment to its ongoing capital improvement program and the provision of quality municipal services. I would like to thank the entire staff and especially the budget team consisting of Tom Kuehne, Mary Ellen Juarez, Kevin Baumgartner, and Diana Mikula for their efforts. Thanks as well to the Village Board for its ongoing support during the budget cycle and throughout the year.

Sincerely,

A handwritten signature in black ink, reading "Randall R. Recklaus". The signature is written in a cursive style with a large initial 'R'.

Randall R. Recklaus
Village Manager

**SURVEY OF COMPARABLE MUNICIPALITIES
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME
AUGUST 2018**

ANNUAL ESTIMATED PAYMENTS:

<u>Municipality</u>	<u>2018 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> 12,300 kWh/Yr	<u>Gas Utility Tax</u> 1,700 therms/Yr	<u>Telecom Tax</u>	<u>2017**** 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	\$1,400 /Year	\$1,650 /Year	\$1,200 /Year	\$78,900 EAV	
1. Rolling Meadows	60.00	\$359.40	\$0.00	2,196.00	54.36	60.00	60.00	26.00	0.00	75.03	85.00	72.00	1409.94	\$4,457.73
2. Hoffman Estates	0.00	\$204.00	\$139.20	1,746.36	24.00	60.00	60.00	162.50	144.00	69.00	85.00	72.00	1159.83	\$3,925.89
3. Mount Prospect	90.00	\$234.96	\$0.00	1,759.20	0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	901.83	\$3,242.15
4 Wheeling	0.00	\$248.04	\$0.00	1,287.36	30.00	60.00	30.00	0.00	0.00	75.03	85.00	72.00	1314.47	\$3,201.90
5 Elk Grove Village	50.00	237.12	\$120.00	1,728.00	0.00	60.00	30.00	0.00	0.00	75.03	34.00	72.00	757.44	\$3,163.59
6 Arlington Heights	60.00	\$214.56	\$129.60	1,134.24	75.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	960.21	\$2,903.14
7 Des Plaines	60.00	\$205.68	\$0.00	1,166.40	109.44	60.00	30.00	26.00	0.00	70.23	42.50	72.00	959.42	\$2,801.68
8 Schaumburg	0.00	\$0.00	\$0.00	1,797.60	0.00	60.00	60.00	19.50	120.00	0.00	0.00	72.00	486.02	\$2,615.12
9 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	635.93	\$2,446.61
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	954.69	\$2,443.12
11 Palatine	60.00	\$240.00	\$0.00	846.48	60.00	60.00	30.00	0.00	0.00	75.03	0.00	72.00	985.46	\$2,428.97

*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 (08/18), / Cook County Clerk website / Municipal websites / Codes

RATES:

<u>Municipality</u>	<u>2018 Passenger Veh. Stickers</u>	<u>Est. Monthly Garbage Rate (1x/week)</u>	<u>Yard Waste Rate /Bag</u>	<u>Combined 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>2017 Municipal Property Tax Rate</u>
Arlington Heights	30.00	17.88	2.70	7.66	6.25	1.00%	1.25%	0.00	0.00%	0.00610	0.050	6.00%	1.217
Buffalo Grove	0.00	21.20	0.00	31.20 5.91	5.08	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.210
Des Plaines	30.00	17.14	0.00	8.10	9.12	1.00%	1.00%	0.04	0.00%	0.00571	0.025	6.00%	1.216
Elk Grove Village	25.00	19.76	2.50	12.00	0.00	1.00%	1.00%	0.00	0.00%	0.00610	0.020	6.00%	0.960
Hoffman Estates	0.00	17.00	2.90	11.59	2.00	1.00%	2.00%	0.25	6.00%	0.00561	0.050	6.00%	1.470
Mount Prospect	45.00	19.58	0.00	77.40 11.55	0.00	1.00%	1.00%	0.04	0.00%	0.00351	0.015	6.00%	1.143
Palatine	30.00	20.00	0.00	96.00 5.50	5.00	1.00%	1.00%	0.00	0.00%	0.00610	0.000	6.00%	1.249
Park Ridge	45.00	0.00	0.00	56.16 9.39	0.00	1.00%	1.00%	0.04	0.00%	0.00558	0.020	6.00%	0.806
Rolling Meadows	30.00	29.95	0.00	77.88 15.00	4.53	1.00%	2.00%	0.04	0.00%	0.00610	0.050	6.00%	1.787
Schaumburg	0.00	0.00	0.00	36.00 11.95	0.00	1.00%	2.00%	0.03	5.00%	0.00000	0.000	6.00%	0.6160
Wheeling	0.00	20.67	0.00	76.80 8.94	2.50	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.6660

Financial Summaries

VILLAGE OF ARLINGTON HEIGHTS

ALL FUNDS SUMMARY

FUND	REVENUES	2016 Actual	2017 Actual	2018 Est. Actual	2018 Budget	2019 Budget	\$ Change	% Change
101	GENERAL	72,754,498	71,297,043	74,121,300	74,476,100	76,140,000	1,663,900	2.2%
211	MOTOR FUEL TAX	1,917,211	1,918,399	1,904,000	1,900,500	1,904,000	3,500	0.2%
215	CDBG	324,311	222,265	429,500	457,210	470,100	12,890	2.8%
227	FOREIGN FIRE INSURANCE TAX	131,660	134,886	122,500	131,400	132,500	1,100	0.8%
231	CRIMINAL INVESTIGATIONS	203,475	329,188	427,200	97,500	103,700	6,200	6.4%
235	MUNICIPAL PARKING	1,132,145	1,250,775	1,336,000	1,409,200	1,336,000	(73,200)	(5.2%)
251	TIF I SOUTH	1,534	0	0	0	0	0	N/A
261	TIF III	386,475	350,396	0	0	0	0	N/A
263	TIF IV	397,773	518,138	591,300	364,100	591,300	227,200	62.4%
264	TIF V	44,222	60,343	746,200	16,400	746,200	729,800	4450.0%
266	HICKORY/KENSINGTON TIF	150,469	456,003	568,500	376,500	568,500	192,000	51.0%
271	TIF TAX RESERVE	0	150,000	0	0	0	0	N/A
301	DEBT SERVICE	7,227,273	7,073,408	7,217,500	7,919,500	7,913,663	(5,837)	(0.1%)
401	CAPITAL PROJECTS	6,561,475	10,837,435	7,472,600	7,491,900	8,383,900	892,000	11.9%
426	STORM WATER CONTROL	46,368	4,169,080	11,559,200	11,652,400	3,489,400	(8,163,000)	(70.1%)
431	PUBLIC BUILDING	35,376,239	256,241	239,000	50,000	0	(50,000)	(100.0%)
435	EMERALD ASH BORER (EAB)	24,040	18,547	0	0	0	0	N/A
505	WATER & SEWER	17,302,107	18,873,493	19,552,700	19,510,100	20,948,500	1,438,400	7.4%
511	SOLID WASTE DISPOSAL	1,691,644	1,976,060	1,986,700	1,964,000	1,960,000	(4,000)	(0.2%)
515	ARTS, ENTERTAINMENT & EVENTS	780,251	786,783	936,300	952,560	940,800	(11,760)	(1.2%)
605	HEALTH INSURANCE	9,677,064	13,158,951	10,929,600	10,361,500	11,281,600	920,100	8.9%
606	RETIREE HEALTH INSURANCE	2,582,385	2,543,862	2,631,400	3,784,000	2,824,700	(959,300)	(25.4%)
611	GENERAL LIABILITY INSURANCE	794,177	841,558	841,200	835,100	849,500	14,400	1.7%
615	WORKERS' COMPENSATION	2,273,421	2,187,656	2,112,100	2,090,100	2,153,700	63,600	3.0%
621	FLEET OPERATIONS	3,546,224	3,818,390	3,752,600	3,743,600	3,898,200	154,600	4.1%
625	TECHNOLOGY	1,640,125	1,703,786	1,689,400	1,686,500	1,700,600	14,100	0.8%
705	POLICE PENSION	12,891,514	22,586,245	10,169,000	9,079,000	9,050,000	(29,000)	(0.3%)
711	FIRE PENSION	13,221,221	18,830,148	9,633,000	10,043,000	9,763,000	(280,000)	(2.8%)
TOTAL REVENUES		193,079,301	186,349,079	170,968,800	170,392,170	167,149,863	(3,242,307)	(1.9%)

FUND	EXPENDITURES	2016 Actual	2017 Actual	2018 Est. Actual	2018 Budget	2019 Budget	\$ Change	% Change
101	GENERAL	69,972,833	71,957,480	74,144,400	74,842,677	76,140,000	1,297,323	1.7%
211	MOTOR FUEL TAX	4,116,572	1,535,366	1,983,200	1,983,178	1,910,400	(72,778)	(3.7%)
215	CDBG	324,311	222,265	429,500	457,210	470,100	12,890	2.8%
227	FOREIGN FIRE INSURANCE TAX	168,322	151,943	200,000	209,300	290,000	80,700	38.6%
231	CRIMINAL INVESTIGATIONS	188,932	247,266	640,900	686,200	299,300	(386,900)	(56.4%)
235	MUNICIPAL PARKING	1,796,075	1,957,783	1,621,300	1,632,711	1,394,600	(238,111)	(14.6%)
251	TIF I SOUTH	10,649	131,701	0	0	0	0	N/A
261	TIF III	280,551	1,736,316	0	0	0	0	N/A
263	TIF IV	862,277	85,835	93,500	742,195	1,000,000	257,805	34.7%
264	TIF V	1,090	14,310	2,500	328,947	365,000	36,053	11.0%
266	HICKORY/KENSINGTON TIF	16,975	24,975	40,000	567,325	1,580,000	1,012,675	178.5%
301	DEBT SERVICE	7,243,442	7,089,716	7,172,700	7,911,500	7,870,700	(40,800)	(0.5%)
401	CAPITAL PROJECTS	6,675,733	7,479,915	8,741,400	11,121,947	11,277,300	155,353	1.4%
426	STORM WATER CONTROL	894,542	1,624,923	2,387,000	5,590,770	6,976,900	1,386,130	24.8%
431	PUBLIC BUILDING	889,219	8,787,494	26,030,000	27,129,938	1,300,000	(25,829,938)	(95.2%)
435	EMERALD ASH BORER (EAB)	1,024,911	6,125,017	0	0	0	0	N/A
505	WATER & SEWER	17,778,080	18,069,598	18,849,400	19,046,579	21,636,600	2,590,021	13.6%
511	SOLID WASTE DISPOSAL	1,617,379	1,783,229	1,754,400	2,102,600	1,998,500	(104,100)	(5.0%)
515	ARTS, ENTERTAINMENT & EVENTS	699,213	808,086	887,800	951,930	940,800	(11,130)	(1.2%)
605	HEALTH INSURANCE	10,151,726	11,062,736	11,283,600	11,854,100	12,026,800	172,700	1.5%
606	RETIREE HEALTH INSURANCE	2,582,385	2,543,862	2,631,400	3,784,000	2,824,700	(959,300)	(25.4%)
611	GENERAL LIABILITY INSURANCE	761,246	729,491	798,000	835,000	842,000	7,000	0.8%
615	WORKERS' COMPENSATION	1,551,665	2,461,422	2,527,400	2,089,400	2,594,900	505,500	24.2%
621	FLEET OPERATIONS	2,654,249	4,072,423	4,843,800	4,444,314	5,022,500	578,186	13.0%
625	TECHNOLOGY	1,498,665	1,458,117	1,697,900	1,696,263	1,900,600	204,337	12.0%
705	POLICE PENSION	6,405,539	6,992,004	7,516,400	7,526,300	7,993,900	467,600	6.2%
711	FIRE PENSION	6,500,805	6,813,669	7,097,200	7,255,400	7,581,000	325,600	4.5%
TOTAL EXPENDITURES		146,667,386	165,966,942	183,373,700	194,789,784	176,236,600	(18,553,184)	(9.5%)

FUND BALANCE SUMMARY 2019

Fund	Fund Name	1/01/19 Projected Beginning Fund Balance (Deficit)	2019 Revenues & Transfers In	2019 Expenditures & Transfers Out	2019 Revenues Over (Under) Expenditures	12/31/19 Estimated Ending Fund Balance (Deficit)
101	General	\$30,624,153	\$76,140,000	\$76,140,000	\$0	\$30,624,153
211	Motor Fuel Tax	2,266,711	1,904,000	1,910,400	(6,400)	2,260,311
215	CDBG	0	470,100	470,100	0	0
227	Foreign Fire Insurance Tax	351,041	132,500	290,000	(157,500)	193,541
231	Criminal Investigations	1,927,130	103,700	299,300	(195,600)	1,731,530
235	Municipal Parking	3,603,955	1,336,000	1,394,600	(58,600)	3,545,355
263	TIF IV	2,204,016	591,300	1,000,000	(408,700)	1,795,316
264	TIF V	1,397,536	746,200	365,000	381,200	1,778,736
266	Hickory/Kensington TIF	1,102,831	568,500	1,580,000	(1,011,500)	91,331
271	TIF Tax Reserve	150,000	0	0	0	150,000
301	Debt Service	1,512,832	7,913,663	7,870,700	42,963	1,555,795
401	Capital Projects	8,453,864	8,383,900	11,277,300	(2,893,400)	5,560,464
426	Storm Water Control	14,539,282	3,489,400	6,976,900	(3,487,500)	11,051,782
431	Public Building	1,497,261	0	1,300,000	(1,300,000)	197,261
505	Water & Sewer	3,985,033	20,948,500	21,636,600	(688,100)	3,296,933
511	Solid Waste Disposal	4,160,542	1,960,000	1,998,500	(38,500)	4,122,042
515	Arts, Entertainment & Events	32,450	940,800	940,800	0	32,450
605	Health Insurance	3,628,819	11,281,600	12,026,800	(745,200)	2,883,619
606	Retiree Health Insurance	0	2,824,700	2,824,700	0	0
611	General Liability Insurance	3,028,844	849,500	842,000	7,500	3,036,344
615	Workers' Compensation Insurance	4,232,025	2,153,700	2,594,900	(441,200)	3,790,825
621	Fleet Operations	5,714,359	3,898,200	5,022,500	(1,124,300)	4,590,059
625	Technology	2,260,937	1,700,600	1,900,600	(200,000)	2,060,937
705	Police Pension	133,089,854	9,050,000	7,993,900	1,056,100	134,145,954
711	Fire Pension	112,370,494	9,763,000	7,581,000	2,182,000	114,552,494
TOTAL ALL VILLAGE FUNDS		\$342,133,969	\$167,149,863	\$176,236,600	(\$9,086,737)	\$333,047,232

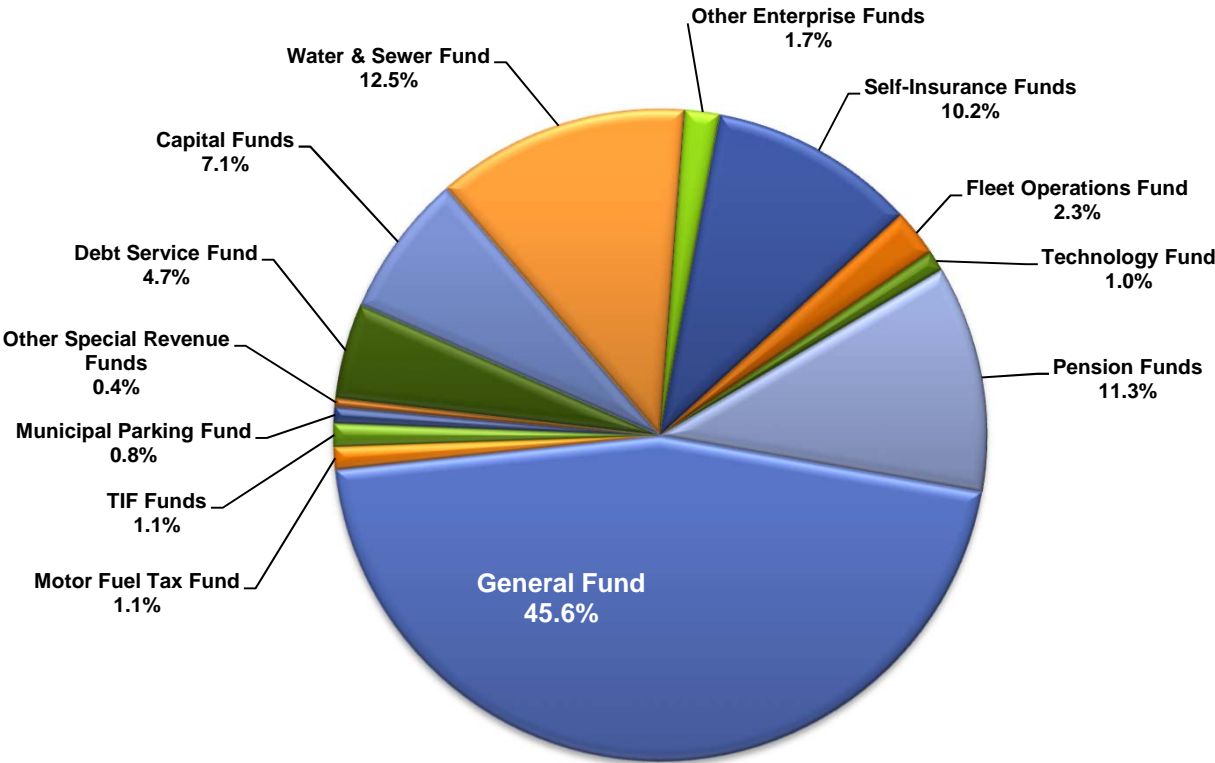
1. The General Fund shows a balanced 2019 budget. The current financial condition of the fund is healthy as it continues to maintain a fund balance over 25% of annual expenditures.
2. The Motor Fuel Tax Fund shows a small planned operating deficit to complete various road improvements throughout the 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, which will provide a service life of 40 to 50 years for the four parking structures.
6. TIF IV shows a deficit as planned improvement projects are expected to outpace current year revenue.
7. TIF V shows a surplus as reserves accumulate for future improvements.
8. Hickory/Kensington TIF shows a deficit as planned improvement projects are expected to outpace current year revenue.
9. TIF Tax Reserve Fund – This fund accounts for possible future litigation and possible refunds in TIF III that closed in 2017.

FUND BALANCE SUMMARY 2019

10. 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) and the Storm Water Control Fund.
11. 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.
12. The Storm Water Control Fund has a planned deficit as scheduled programs improving the Village's storm water infrastructure drawdown funds from a general obligation bond issued in 2018.
13. The Public Building Fund provided for the construction of the new Police Facility and is expected to drawdown its reserves.
14. The Water and Sewer Fund had a planned operating deficit due to planned projects outpacing revenue. The planned service rate increase for 2019 is 5%.
15. 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.
16. 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.
17. 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 with a reserve for large claims.
18. 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.
19. The General Liability Insurance Fund covers the first \$100,000 per claim before IRMA coverage takes effect. Charges to operating departments are used to fund this insurance coverage. Past claims have been varied and actual experience is generally more favorable than budgeted.
20. The Workers' Compensation Insurance Fund claims are handled the same as General Liability claims noted above.
21. The Fleet Operations Fund provides for major capital replacements. Service charges over the useful life of the equipment will replenish reserves. A healthy fund balance is maintained for vehicle and equipment replacement.
22. The Technology Fund provides for the operation of the Village's computer network infrastructure and equipment replacement. Service charges to departments are used to fund these operations. The deficit is the result of the beginning of a project to replace the Village's Enterprise Resource Planning software.
23. 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 77.6% and 72% respectively. Per current State Statute, 90% funding must be reached by 2040.

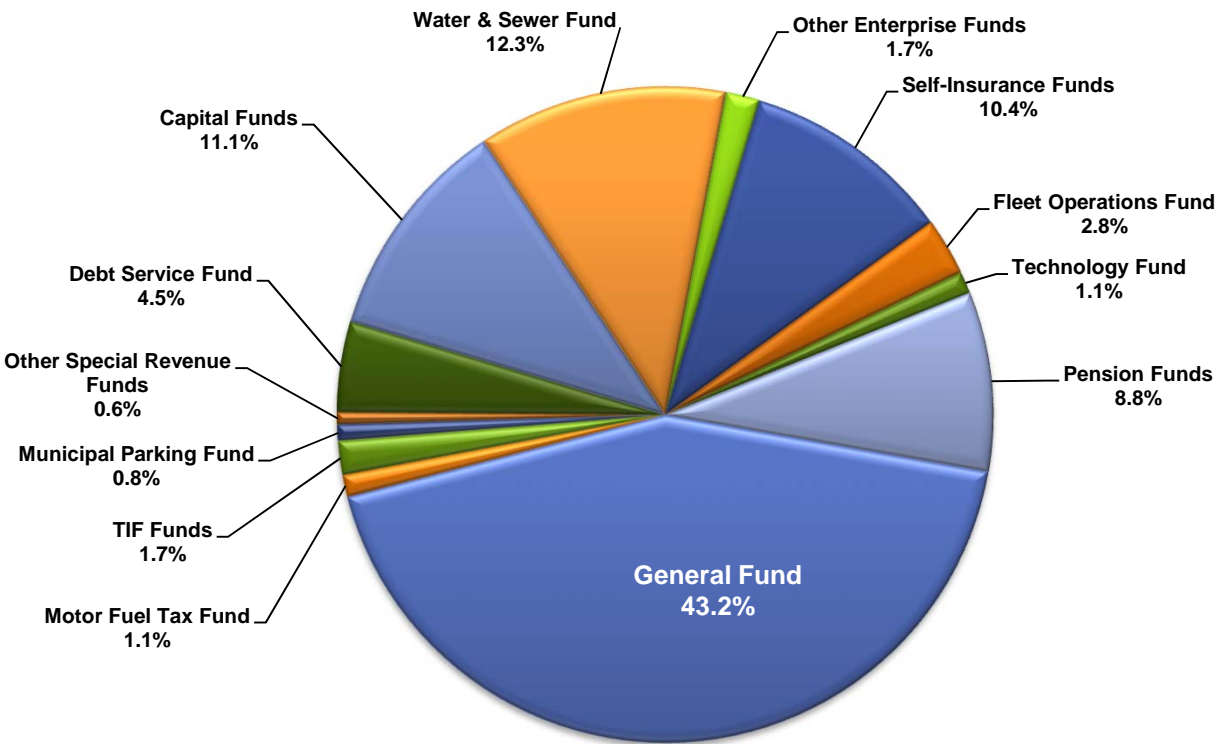
ALL FUNDS REVENUES

2019 Budget



ALL FUNDS EXPENDITURES

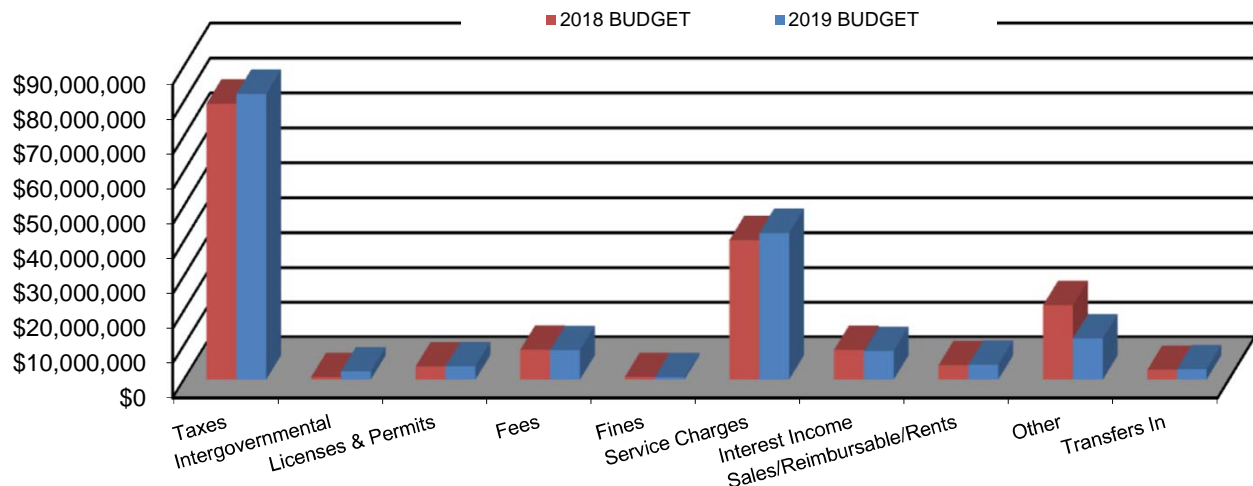
2019 Budget



WHERE THE MONEY COMES FROM

ALL FUNDS REVENUES

2018 Budget vs. 2019 Budget



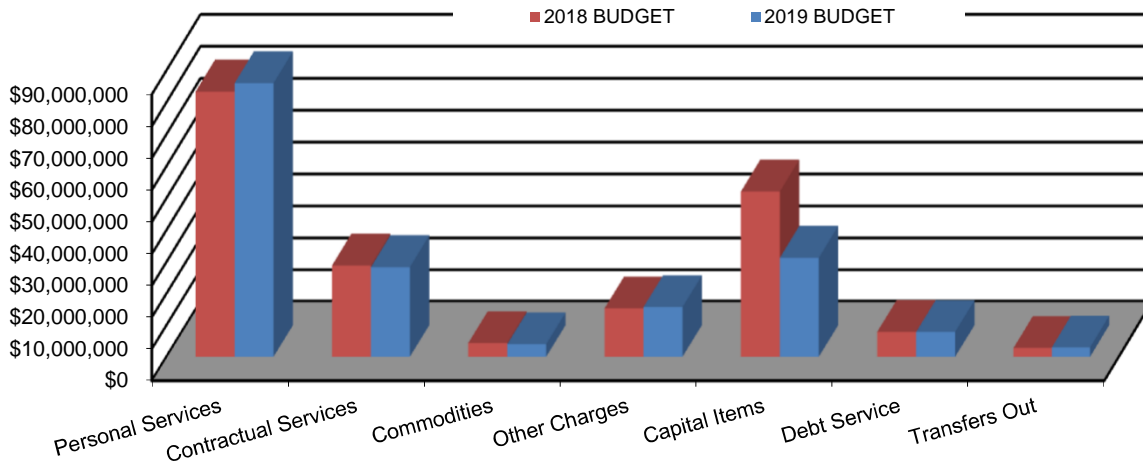
	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 BUDGET	% CHANGE
Taxes	77,071,172	76,732,147	79,197,000	82,016,463	3.6%
Intergovernmental	363,720	1,257,845	708,110	2,378,100	235.8%
Licenses & Permits	4,311,672	4,033,890	3,811,300	3,833,500	0.6%
Fees	7,177,373	7,506,183	8,626,500	8,519,400	(1.2%)
Fines	727,634	684,223	745,700	696,100	(6.7%)
Service Charges	34,992,660	36,953,903	40,145,800	42,200,100	5.1%
Interest Income	14,588,338	31,223,756	8,548,000	8,243,400	(3.6%)
Sales/Reimbursable/Rents	4,296,659	5,024,708	4,163,400	4,306,300	3.4%
Other	48,001,739	13,197,634	21,491,600	11,885,400	(44.7%)
	191,530,967	176,614,289	167,437,410	164,078,763	(2.0%)
Reserves	0	0	133,760	85,000	(36.5%)
Transfers In	1,548,334	9,734,790	2,821,000	2,986,100	5.9%
Total Revenues	193,079,301	186,349,079	170,392,170	167,149,863	(1.9%)

NOTE: **Intergovernmental** revenues increased from the Storm Water Control Fund grant. **Fines** decreased primarily from the reduction of Parking and Other Fines received compared to prior year. **Service Charges** increased from increased Water and Sewer charges along with increased Insurance and Fleet charges. **Other** decreased from Bond Proceeds for the Storm Water Control Fund in the prior year. **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 increased due to the transfers from the Public Building Fund to the Capital Projects Fund, the Storm Water Control Fund and the Water and Sewer Fund.

WHERE THE MONEY GOES

ALL FUNDS EXPENDITURES

2018 Budget vs. 2019 Budget



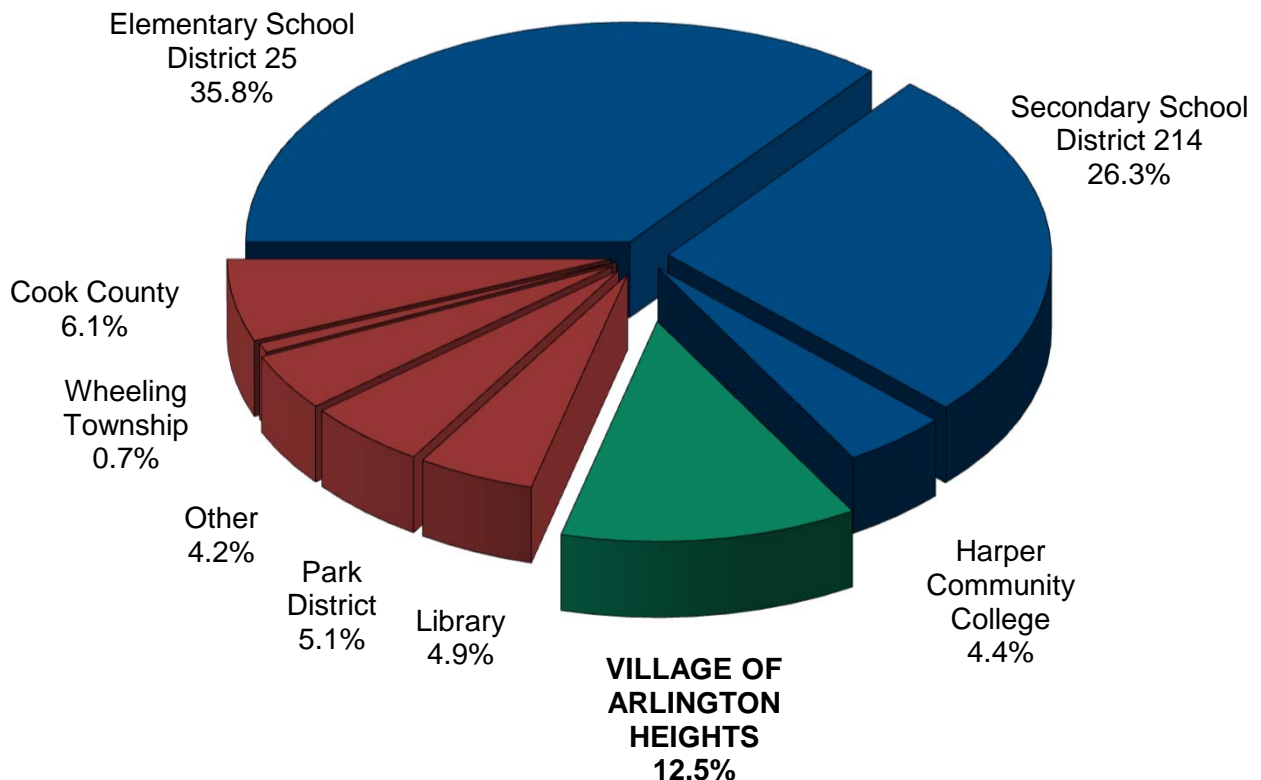
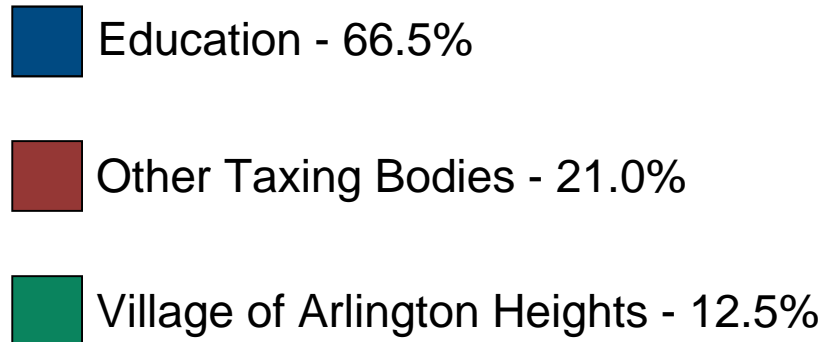
	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 BUDGET	% CHANGE
Personal Services	77,861,808	78,841,695	83,377,400	85,987,700	3.1%
Contractual Services	25,515,190	26,207,690	28,878,441	28,366,600	(1.8%)
Commodities	3,594,417	3,145,046	4,369,652	3,990,700	(8.7%)
Other Charges	12,981,403	15,973,814	15,357,399	15,727,900	2.4%
Capital Items	17,922,792	25,274,191	52,074,392	31,306,900	(39.9%)
Debt Service	7,243,442	7,089,716	7,911,500	7,870,700	(0.5%)
	145,119,052	156,532,152	191,968,784	173,250,500	(9.8%)
Transfers Out	1,548,334	9,434,790	2,821,000	2,986,100	5.9%
Total Expenditures	146,667,386	165,966,942	194,789,784	176,236,600	(9.5%)

NOTE: **Commodities** decreased from the reduction of Other Supplies and the decrease of deicing products, although this was offset by the increase in Petroleum Products. **Capital Items** decreased largely due to the completion of the Police Station. **Transfers Out** was increased due to the transfer from the Public Building Fund to the Capital Projects Fund, the Storm Water Control Fund and to the Water and Sewer Fund.

Arlington Heights

2017 PROPERTY TAX BILL

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

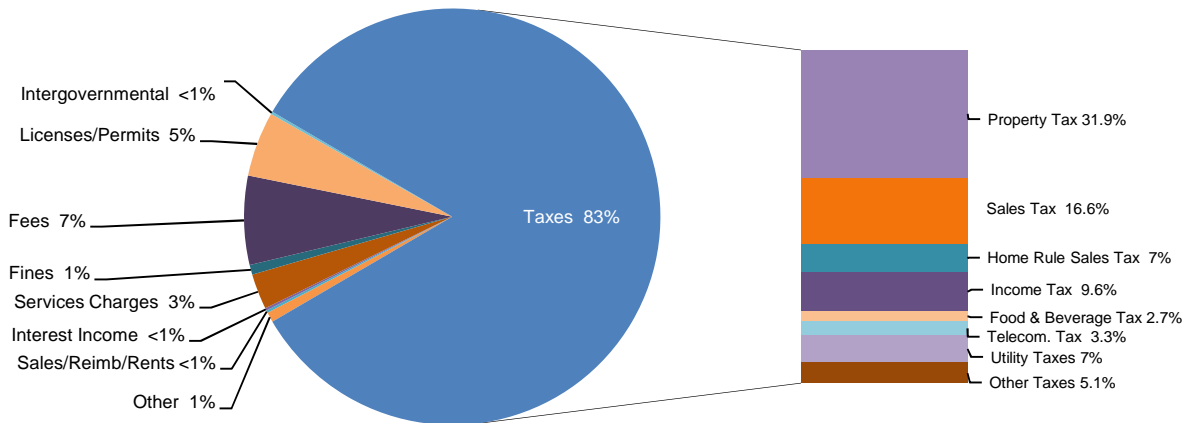


AS THE ABOVE PIE CHART ILLUSTRATES, THE VILLAGE OF ARLINGTON HEIGHTS
CONSISTS OF 12.5% OF THE ENTIRE PROPERTY TAX BILL.

WHERE THE MONEY COMES FROM

GENERAL FUND REVENUES

2019



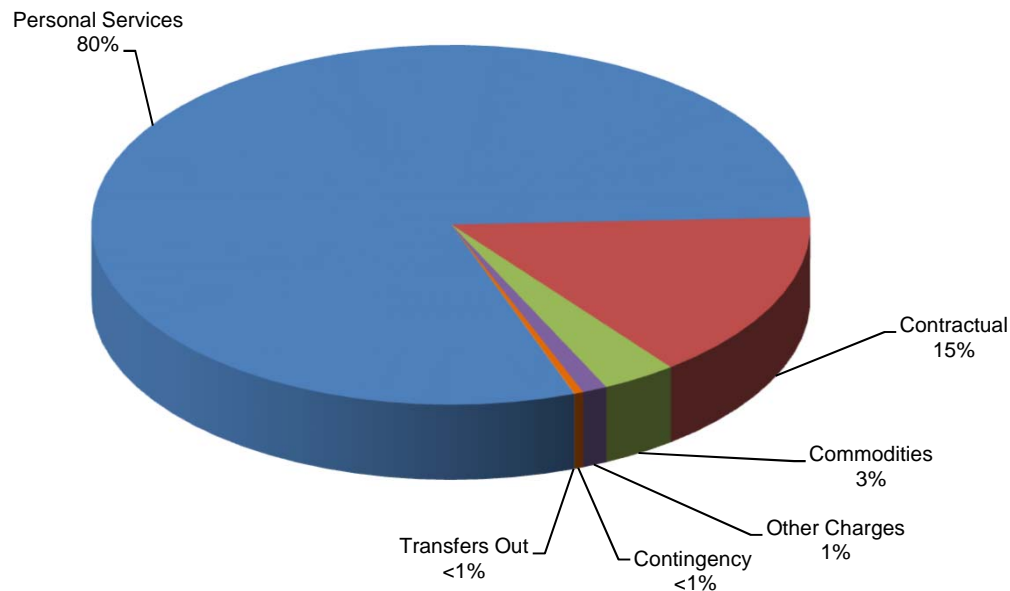
	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 BUDGET	% CHANGE
Taxes	60,409,197	59,070,056	61,801,000	63,338,400	2.5%
Intergovernmental	203,491	182,041	168,000	158,000	(6.0%)
Licenses/Permits	4,285,625	4,033,890	3,811,300	3,833,500	0.6%
Fees	4,393,978	4,330,746	5,262,700	5,251,000	(0.2%)
Fines	618,695	567,975	625,700	586,100	(6.3%)
Service Charges	2,003,713	2,069,096	2,033,200	2,086,600	2.6%
Interest Income	93,291	211,127	88,000	150,000	70.5%
Sales/Reimb/Rents	190,290	151,302	135,600	138,500	2.1%
Other	356,218	379,854	350,600	397,900	13.5%
Other Financing	200,000	300,955	200,000	200,000	0.0%
Total Revenue	72,754,498	71,297,043	74,476,100	76,140,000	2.2%

NOTE: **Intergovernmental** revenues decreased from a reduction in Task Force Reimbursements. **Fines** decreased from the decrease in Parking and Ordinance Ticket Fines. **Interest Income** has been increased to match actual earnings. **Other** increased over the prior year from the increase in the Class 6B Rebates which will be used toward the Zero Interest Loan Program.

WHERE THE MONEY GOES

GENERAL FUND EXPENDITURES

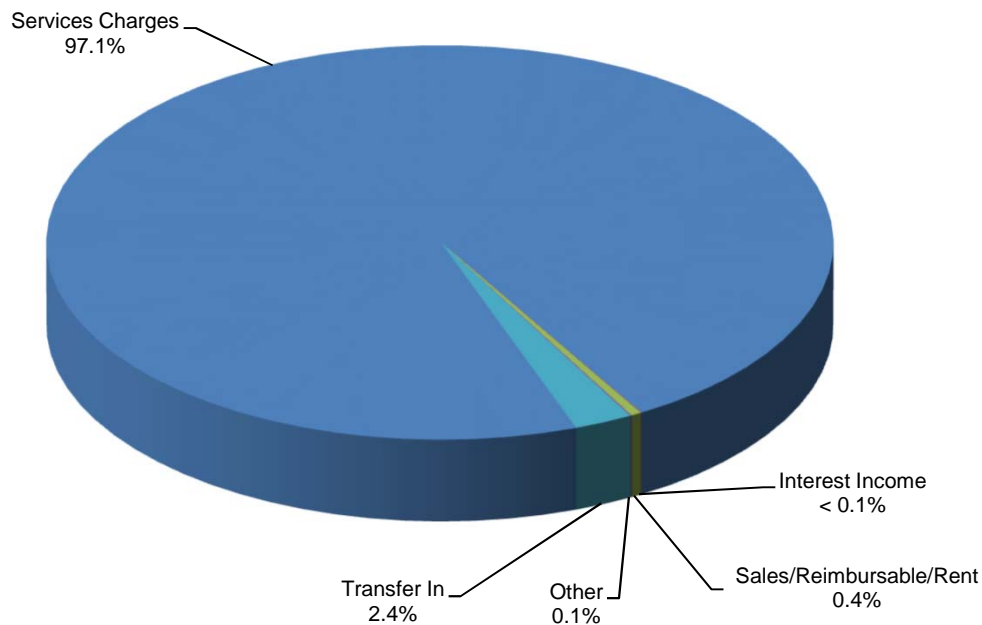
2019



	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 BUDGET	% CHANGE
Personal Services	56,154,281	56,375,595	59,048,000	60,842,100	3.0%
Contractual Services	10,564,376	10,712,577	11,724,988	11,578,600	(1.2%)
Commodities	2,199,186	2,014,402	2,930,361	2,552,300	(12.9%)
Other Charges	1,054,990	854,906	924,128	847,000	(8.3%)
Contingency	0	0	195,200	300,000	53.7%
Transfers Out	0	2,000,000	20,000	20,000	0.0%
Total Expenditures	69,972,833	71,957,480	74,842,677	76,140,000	1.7%

NOTE: **Personal Services** increased due to wage and health insurance adjustments. **Commodities** decrease was mainly from the reduction of Other Supplies and deicing products, although the decrease was offset by the increase in Petroleum Products. **Other Charges** percentage change was from a decrease in 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, 2018 budget shows that there is \$195,000 remaining of the \$195,000 contingency budget. The contingency budget was increased this year by reallocating some unused Department funds.

WHERE THE MONEY COMES FROM WATER & SEWER FUND REVENUES 2019



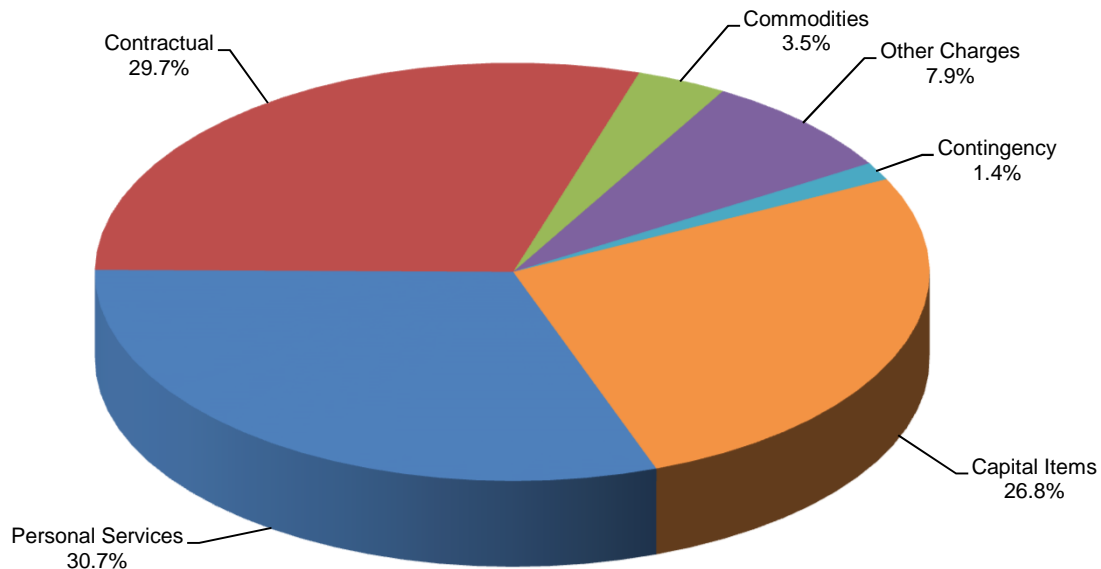
	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 BUDGET	% CHANGE
Services Charges	17,169,823	17,749,490	19,402,100	20,340,000	4.8%
Interest Income	5,603	8,930	5,000	6,500	30.0%
Sales/Reimbursable/Rent	90,428	104,739	88,000	87,000	(1.1%)
Other	36,253	1,010,334	15,000	15,000	0.0%
Transfer In	0	0	0	500,000	100.0%
Total Revenues	17,302,107	18,873,493	19,510,100	20,948,500	7.4%

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, 2019. **Interest Income** has been increased to match actual earnings. **Transfer In** was increased due to the transfer from the Storm Water Control Fund.

WHERE THE MONEY GOES

WATER & SEWER FUND EXPENDITURES

2019



	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 BUDGET	% CHANGE
Personal Services	6,018,849	6,073,499	6,600,500	6,644,300	0.7%
Contractual	6,048,035	5,715,471	6,461,000	6,432,700	(0.4%)
Commodities	832,609	629,404	735,200	754,500	2.6%
Other Charges	1,666,991	1,710,830	1,780,900	1,715,200	(3.7%)
Contingency	0	0	229,300	300,000	N/A
Capital Items	3,211,596	3,940,394	3,239,679	5,789,900	78.7%
Total Expenditures	17,778,080	18,069,598	19,046,579	21,636,600	13.6%

NOTES: **Other Charges** decrease was from the Water & Sewer Fund no longer funding the Enhanced Overhead Sewer Rebate Program, which is now fully managed in the Storm Water Control Fund. **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, 2018 budget shows that \$229,300 of the \$229,300 contingency budget remains. **Capital Items** increased from the prior year due to the budgeted projects for the Water Tank Repainting and the Water Main Replacement Program.

VILLAGE OF ARLINGTON HEIGHTS

EMPLOYEE CENSUS

Ten Year Analysis

		8 Mon. Per.									
		Ending									
		Dec. 2015									
DEPARTMENT		FY2011	FY2012	FY2013	FY2014	FY2015	2016	2017	2018	2019	
Integrated Services	Full-Time	6.00	6.00	6.00	6.00	5.00	11.00	11.00	11.00	10.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Human Resources	Full-Time	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Part-Time	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	Full-Time	17.00	17.00	17.00	17.00	18.00	18.00	18.00	17.00	17.00	16.00
	Part-Time	2.00	1.00	1.00	1.00	0.00	0.00	0.00	1.00	1.00	2.00
IT/GIS	Full-Time	7.00	6.00	6.00	6.00	6.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	Full-Time	138.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00
	Part-Time	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police Grant	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	Full-Time	110.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
	Part-Time	1.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Planning & Comm Devlp	Full-Time	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Services	Full-Time	17.00	15.00	14.50	14.50	16.50	16.50	16.50	17.00	17.00	17.00
	Part-Time	1.00	3.00	3.00	3.00	0.00	0.00	0.00	0.00	1.00	1.00
Health Services	Full-Time	10.00	9.00	9.50	9.50	9.50	9.50	9.50	9.00	9.00	9.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Youth Services	Full-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Services	Full-Time	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
	Part-Time	6.00	6.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00
Engineering	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.00 (1)
	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	44.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	41.00	51.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00 (2)
Water Utility Operations	Full-Time	41.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
	Part-Time	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Services	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	Full-Time	426.00	417.00	417.00	417.00	419.00	420.00	420.00	420.00	418.00	417.00
	Part-Time	17.00	20.00	20.00	20.00	16.00	14.00	14.00	16.00	17.00	18.00
TOTAL EMPLOYEES		443.00	437.00	437.00	437.00	435.00	434.00	434.00	436.00	435.00	435.00
INCREASE (DECREASE)		(30.00)	(6.00)	0.00	0.00	(2.00)	(1.00)	0.00	2.00	(1.00)	0.00
FULL-TIME EQUIVALENTS (FTE)		434.50	427.00	427.25	427.25	427.25	427.25	427.25	428.25	426.75	426.25
INCREASE (DECREASE)		(28.25)	(7.50)	0.25	0.00	0.00	0.00	0.00	1.00	(1.50)	(0.50)

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

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

VILLAGE OF ARLINGTON HEIGHTS
EXPENDITURES AND STAFFING
SUMMARY BY OPERATION 2019

OPERATION	STAFFING			EXPENDITURES			
	2018 Budget	2019 Budget	Inc (Dec)	2018 Budget	2019 Budget	\$ Inc (Dec)	% Inc (Dec)
Board of Trustees	0.00	0.00		\$179,800	\$180,400	\$600	0.3%
Integrated Services	10.50	10.50		2,897,924	3,087,700	189,776	6.5%
Human Resources	4.00	4.00		16,561,700	17,375,700	814,000	4.9%
Legal	2.75	2.75		783,200	784,000	800	0.1%
Finance	17.50	17.00	(0.50)	3,763,826	3,624,000	(139,826)	(3.7%)
Boards & Commissions	0.00	0.00		254,270	229,200	(25,070)	(9.9%)
Metropolis Theater	0.00	0.00		429,760	387,000	(42,760)	(9.9%)
Police/Police Grant	139.00	139.00		26,379,054	27,290,500	911,446	3.5%
Fire	110.00	110.00		22,635,337	23,456,000	820,663	3.6%
Planning & Community Development	10.00	10.00		4,138,601	5,466,400	1,327,799	32.1%
Building Services	17.50	17.50		2,634,200	2,612,800	(21,400)	(0.8%)
Health & Human Services	13.00	13.00		2,304,060	2,318,900	14,840	0.6%
Engineering	10.00	0.00	(10.00)	13,210,718	0	(13,210,718)	(100.0%)
Public Works	41.25	51.25	10.00	18,948,394	32,530,300	13,581,906	71.7%
Criminal Investigations	0.00	0.00		686,200	299,300	(386,900)	(56.4%)
Foreign Fire Insurance Tax	0.00	0.00		209,300	290,000	80,700	38.6%
Comm Development Block Grant Progr:	0.00	0.00		397,310	402,100	4,790	1.2%
Water Utility Operations	0.00	0.00		15,000,105	15,899,500	899,395	6.0%
Parking Operations	40.75	40.75		729,551	674,300	(55,251)	(7.6%)
Solid Waste Disposal	0.00	0.00		1,602,600	1,498,500	(104,100)	(6.5%)
Municipal Fleet Services	0.00	0.00		2,357,100	2,364,200	7,100	0.3%
Pensions	10.50	10.50		14,781,700	15,574,900	793,200	5.4%
Capital Projects - Water/Sewer	0.00	0.00		2,589,074	4,356,900	1,767,826	68.3%
Capital Projects - Equipment	0.00	0.00		2,137,714	2,707,300	569,586	26.6%
Capital Projects - Public Buildings	0.00	0.00		27,129,938	500,000	(26,629,938)	(98.2%)
Debt Service	0.00	0.00		7,911,500	7,870,700	(40,800)	(0.5%)
Sub-Total	426.75	426.25	(0.50)	\$190,652,936	\$171,780,600	(\$18,872,336)	(9.9%)
Non-Operating & Transfers Out	N/A	N/A	N/A	4,136,848	4,456,000	319,152	7.7%
TOTAL	426.75	426.25	(0.50)	\$194,789,784	\$176,236,600	(\$18,553,184)	(9.5%)

VILLAGE OF ARLINGTON HEIGHTS

INTERFUND TRANSFERS 2019

FUND	IN	OUT	PURPOSE
101 General (Corporate) Fund	200,000		SWANCC (from Fund 511)
		20,000	A&E (to Fund 515)
	<u>\$200,000</u>	<u>\$20,000</u>	
301 Debt Service Fund	691,900		Storm Water Control (from 426)
	<u>\$691,900</u>	<u>\$0</u>	
401 Capital Projects Fund	300,000		SWANCC (from Fund 511)
	800,000		Public Building Fund (from Fund 431)
	<u>\$1,100,000</u>	<u>\$0</u>	
426 Storm Water Control Fund	0	691,900	Debt Service for GO Bond (to Fund 301)
		500,000	Water & Sewer interest free loan (to Fund 505)
	<u>\$0</u>	<u>\$1,191,900</u>	
431 Public Building Fund	0	800,000	Capital Projects Fund (to Fund 401)
	<u>\$0</u>	<u>\$800,000</u>	
505 Water & Sewer Fund	500,000		Storm Water Control interest free loan (from Fund 426)
	<u>\$500,000</u>	<u>\$0</u>	
511 SWANCC		200,000	General Fund (to Fund 101)
		300,000	Capital Projects (to Fund 401)
	<u>\$0</u>	<u>\$500,000</u>	
515 Arts & Entertainment Fund	20,000		General Fund (from Fund 101)
	<u>\$20,000</u>	<u>\$0</u>	
605 Health Insurance Fund		474,200	Retiree medical insurance (to Fund 606)
	<u>\$0</u>	<u>\$474,200</u>	
606 Retiree Health Ins Fund	474,200		Retiree medical insurance (from Fund 605)
	<u>\$474,200</u>	<u>\$0</u>	
TOTAL	<u>\$2,986,100</u>	<u>\$2,986,100</u>	

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 2019 budget.

CAPITAL SPENDING

Building & Land	\$ 3,678,800
Equipment	2,871,300
Signals	557,200
Storm Water Control	5,535,000
Streets	11,333,500
Sewer	650,000
Vehicles	2,707,300
Water	<u>3,956,900</u>
TOTAL	<u><u>\$ 31,290,000</u></u>

CAPITAL FUNDING

Capital Projects Fund	\$ 11,041,300
Motor Fuel Tax Fund	1,910,400
Storm Water Control Fund	5,785,000
Water & Sewer Fund	5,789,900
Municipal Parking Operations Fund	78,000
TIF Funds	2,755,000
Public Buildings Fund	500,000
Arts, Entertainment & Events Fund	122,000
Fleet Operations Fund	2,707,300
Technology Fund	441,800
Criminal Investigation Fund	71,300
Foreign Fire Insurance Tax Fund	<u>88,000</u>
TOTAL	<u><u>\$ 31,290,000</u></u>

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

			2018	2018	2019	2020	2021	2022	2023
CAPITAL SPENDING	FUND	PROJ #	EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Building & Land									
Overhead Door Replacement	Cap Proj	BL-90-04	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Overhead Door Replacement	Water	BL-90-04	0	0	0	10,000	0	0	0
Public Works Annex Improvements	Cap Proj	BL-93-02	10,000	10,000	10,000	10,000	10,000	24,000	10,000
Public Works Annex Improvements	Water	BL-93-02	20,000	20,000	20,000	20,000	20,000	19,000	0
Building Equipment Replacement	Cap Proj	BL-95-04	68,300	68,252	68,000	41,300	30,000	27,900	77,500
Municipal Buildings Refurbishing	Cap Proj	BL-95-05	210,100	210,060	102,000	40,000	20,000	271,400	178,200
Municipal Buildings Refurbishing	Fleet	BL-95-05	0	0	0	0	53,000	0	0
Roof Maintenance Program	Cap Proj	BL-95-06	45,800	45,812	241,800	296,700	205,500	0	65,000
Roof Maintenance Program	Water	BL-95-06	0	0	161,200	197,800	137,000	0	0
Heating Plant/Air Conditioner Replacement	Cap Proj	BL-96-01	80,200	80,237	92,000	23,000	42,000	43,000	130,000
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	38,200	38,150	30,000	40,000	30,000	30,000	30,000
Historical Society Museum - Building Repairs	Cap Proj	BL-96-04	102,000	102,000	50,000	50,000	50,500	25,000	25,000
Parking Structure Maintenance/Repairs	Parking	BL-00-06	180,700	180,720	15,000	137,000	0	75,000	1,150,500
Teen Center Property Valuation	Cap Proj	BL-03-01	3,300	3,300	0	0	0	0	0
Other Building Costs	Pub Bld	BL-11-10	1,519,100	1,519,106	0	0	0	0	0
TIF IV Redevelopment	TIF IV	BL-16-05	0	500,149	750,000	500,000	500,000	500,000	500,000
Police Station - Architect/CM Fees	Pub Bld	BL-16-01	400,200	400,200	0	0	0	0	0
Police Station - Construction	Pub Bld	BL-16-10	21,699,800	21,699,775	0	0	0	0	0
Police Station - Contingency	Pub Bld	BL-16-20	500,000	1,600,000	500,000	0	0	0	0
Metropolis Theater Triangle Rooms & Halls Refurbish	A&E	BL-17-01	0	0	7,000	0	0	0	0
Metropolis Theater Lobby Refurbishment	A&E	BL-17-03	20,000	20,000	0	0	0	0	0
Metropolis Theater Dance Studio Floor	A&E	BL-17-05	0	0	0	18,000	0	0	0
Metropolis Theater- Replace Flooring MPAC	A&E	BL-17-06	0	0	0	40,000	0	0	0
Hickory/ Kensington Redevelopment	TIF HK	BL-18-01	0	500,000	1,500,000	500,000	500,000	500,000	500,000
Vail Garage Sign	Parking	BL-VAIL	24,000	24,000	0	0	0	0	0
LED Village Hall Clock Tower Lighting	Cap Proj	BL-19-01	0	0	19,000	0	0	0	0
IRMA Compliance Upgrades	Water	BL-19-02	0	0	39,800	16,400	16,400	16,400	16,400
LED Parking Garage Lighting Conversions	PW	BL-19-03	0	0	48,000	48,000	48,000	48,000	48,000
Sub-Total Building & Land			24,946,700	27,046,761	3,678,800	2,013,200	1,687,400	1,604,700	2,755,600
Equipment									
Operational Equipment - Public Works	Cap Proj	EQ-94-01	134,500	134,529	99,500	76,800	49,700	38,400	50,000
Operational Equipment - Public Works	Water	EQ-94-01	185,000	185,000	184,500	127,000	147,000	108,000	127,000
Operational Equipment - Police	Crim Inv	EQ-95-01	395,000	395,000	71,300	9,100	0	0	25,000
Operational Equipment - Police Department	Cap Proj	EQ-95-01	107,300	107,338	74,700	57,000	44,000	44,000	46,000
Operational Equipment - Fire Department	Cap Proj	EQ-95-02	188,600	200,848	455,000	235,000	81,000	112,000	101,000
Operational Equipment - Fire Department	FFIT	EQ-95-02	0	0	88,000	0	0	0	0
Office Equipment	Cap Proj	EQ-95-03	45,900	49,094	47,000	103,000	30,000	45,000	55,000
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	50,500	50,500	49,000	47,500	43,200	38,200	3,500
IT Equipment Replacement	IT	EQ-97-08	253,800	253,803	241,800	241,800	241,800	241,800	241,800
Emergency Generator Upgrade	Water	EQ-99-02	152,200	152,164	879,500	10,000	922,400	0	521,900
Operational Equipment - Information Technology	Cap Proj	EQ-01-03	140,000	140,000	133,000	110,500	100,500	100,500	115,500
Operational Equipment - Engineering Department	Cap Proj	EQ-01-04	5,000	5,000	0	0	0	0	0
Equipment Replacement - Metropolis	A&E	EQ-06-03	36,000	36,000	37,000	38,000	39,000	40,000	41,000
Patrol Vehicle Equipment Replacement Program	Cap Proj	EQ-08-03	55,000	55,000	75,000	45,000	25,000	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	30,000	30,000	58,000	60,000	61,500	63,300	65,200
Pumps & Motor Controls Rehab/Repl	Water	EQ-15-30	244,700	244,756	75,000	141,400	106,000	64,600	94,600
Cable Access Broadcast & Video Streaming	Cap Proj	EQ-16-07	9,000	9,000	0	0	0	0	0
Police Station - FF&E / Security	Pub Bld	EQ-16-10	1,910,900	1,910,857	0	0	0	0	0
Asset Based Work Management System	Cap Proj	EQ-16-15	8,600	8,628	0	0	0	0	0
Asset Based Work Management System	Water	EQ-16-15	3,700	3,685	0	0	0	0	0
Metropolis Theater Clearcom Equipment	A&E	EQ-17-03	12,700	17,000	0	0	0	0	0
Metropolis Theater LED House Lighting	A&E	EQ-17-04	43,100	61,000	0	0	0	0	0
Metropolis Theater Monitors - Audio	A&E	EQ-17-05	19,100	20,000	0	0	0	0	0
Metropolis Theater Speaker Towers	A&E	EQ-17-06	10,000	10,000	0	0	0	0	0
Metropolis Theater Moving Lights	A&E	EQ-17-07	0	0	7,000	0	0	0	0
Metropolis Theater Edison for Grid	A&E	EQ-17-08	0	0	11,000	0	0	0	0
Metropolis Theater Sound Console/ Board	A&E	EQ-17-09	0	0	35,000	0	0	0	0
Metropolis Theater Replace Smoke Detectors	A&E	EQ-17-10	0	0	25,000	0	0	0	0
Metropolis Theater LED Series 2	A&E	EQ-17-11	0	0	0	0	60,000	0	0
Metropolis Theater LED CYC Lights	A&E	EQ-17-12	5,900	5,760	0	0	0	0	0
Metropolis Theater Lighting Fixtures in Theater	A&E	EQ-18-03	0	0	0	0	0	35,000	0
Metropolis Theater Wireless Microphones	A&E	EQ-18-05	0	0	0	0	0	14,000	0
Community Event Sign at NW Hwy & AH Rd	Cap Proj	EQ-SIGN	24,700	24,461	0	0	0	0	0
Metropolis Theater Stage Curtails	A&E	EQ-19-01	0	0	0	0	26,000	0	0
Metropolis Theater Rear Projectors	A&E	EQ-19-02	0	0	0	0	0	20,000	0
Metropolis Theater Stage Light Control Systems	A&E	EQ-19-03	0	0	0	0	0	0	100,000
Village ERP Software Replacement	IT	EQ-19-04	0	0	200,000	0	0	0	0
Sub-Total Equipment			4,096,200	4,134,423	2,871,300	1,327,100	2,002,100	1,024,800	1,647,500

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

CAPITAL SPENDING (continued)	FUND	PROJ #	2018 EST ACTUAL	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
Signals									
Traffic Signal Maintenance	MFT	SG-03-02	107,700	107,700	110,400	112,100	114,500	116,800	119,100
Traffic Signal Imprv at Northwest Hwy/Wilke	Cap Proj	SG-08-02	0	70,626	70,600	0	0	0	0
Dundee Rd/Kennicott Ave Pedestrian Actuation	Cap Proj	SG-14-05	0	56,872	56,900	0	0	0	0
Traffic Signal Pedestrian Upgrade - Central at Arthur	Cap Proj	SG-14-10	0	52,260	52,300	0	0	0	0
Traffic Signals LED Upgrade	Cap Proj	SG-14-15	0	17,008	17,000	0	0	0	0
Algonquin and New Wilke Intersection Improvement	Cap Proj	SG-17-01	0	200,000	200,000	0	0	0	0
Pedestrian/ Bicycle Crossing - Lake Cook/ Wilke Rd	Cap Proj	SG-18-01	0	50,000	50,000	0	0	0	0
Sub-Total Signals			107,700	554,466	557,200	112,100	114,500	116,800	119,100
Streets									
Street Resurfacing Program	Cap Proj	ST-90-08	6,262,300	6,262,320	6,100,000	6,200,000	6,300,000	6,400,000	6,500,000
Street Rehabilitation Program	MFT	ST-90-09	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Sidewalk & Curb Replacement	Cap Proj	ST-90-11	385,000	385,000	385,000	395,000	405,000	415,000	425,000
Pavement Crack Sealing Program	Cap Proj	ST-92-01	150,000	150,000	200,000	200,000	200,000	200,000	200,000
Green Corridor Beautification	TIF IV	ST-99-03	0	110,000	150,000	0	0	0	0
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	6,200	6,262	0	0	0	0	0
Paver Brick Maintenance	Cap Proj	ST-05-01	34,700	841,654	807,000	412,000	412,000	75,000	75,000
Northwest Hwy/Davis Street/Arthur Avenue	Cap Proj	ST-05-03	0	338,524	338,500	0	0	0	0
Downtown Street Furniture	Cap Proj	ST-14-01	19,600	19,558	10,000	10,000	10,000	10,000	10,000
Nichols Road Reconstruction	MFT	ST-15-05	75,500	75,478	0	0	0	0	0
Downtown Streetscape Improvements	Cap Proj	ST-15-35	6,900	106,445	205,000	200,000	0	0	0
Northwest Hwy (Rt. 14) Corridor Landscaping Impr	Cap Proj	ST-16-20	150,400	150,420	0	101,000	75,000	77,000	0
Davis/Sigwalt Streets Fencing/Landscape Upgrade	Cap Proj	ST-17-02	82,700	82,700	0	0	0	0	0
South Arlington Heights Road Beautification	Cap Proj	ST-17-12	500	536	0	0	0	0	0
Rand Road Corridor Identification Enhancement	TIF V	ST-17-20	0	318,947	355,000	53,900	28,800	101,800	0
Rand Road Corridor Identification Enhancement	Cap Proj	ST-17-20	16,100	224,005	239,000	57,200	248,800	43,000	0
Downtown Light Ceiling	Cap Proj	ST-17-26	70,000	75,000	0	0	0	0	0
Kensington Roadway Improvements (Windsor Drive)	Cap Proj	ST-18-01	0	300,000	300,000	0	0	0	0
Surface Treatment - Streets (NEW)	Cap Proj	ST-18-02	200,000	200,000	150,000	150,000	150,000	150,000	150,000
LED Street Light Conversions	Cap Proj	ST-19-01	0	0	64,000	64,000	64,000	64,000	64,000
South Arlington Heights Road Corridor	Cap Proj	ST-19-03	0	0	200,000	0	0	0	0
Bike Plan/Bike Route Pavement Marking	Cap Proj	ST-19-04	0	0	20,000	20,000	20,000	20,000	20,000
Sub-Total Streets			9,269,900	11,456,849	11,333,500	9,673,100	9,723,600	9,365,800	9,254,000
Sewers									
Sewer Rehab/Replacement Program	Water	SW-90-01	375,000	375,000	400,000	425,000	450,000	475,000	500,000
Backyard Drainage Improvements	Storm Water	SW-11-02	350,800	313,286	300,000	500,000	400,000	300,000	300,000
Storm Sewer Rehab/Replacement Program	Storm Water	SW-15-20	1,106,600	1,106,590	500,000	500,000	500,000	500,000	500,000
Municipal Campus and Downstream Detention	Storm Water	SW-17-06	284,900	284,894	0	0	0	0	0
Enhanced Overhead Sewer Program	Storm Water	SW-18-01	250,000	1,050,000	250,000	250,000	250,000	250,000	135,000
Cypress Detention Basin	Storm Water	SW-18-02	250,000	0	2,650,000	2,900,000	0	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	144,700	2,100,000	2,085,000	0	0	0	0
Area C/NW - Burr Oak/Burning Tree	Storm Water	SW-20-01	0	0	0	0	0	1,637,000	0
Area C/SE - Hinz Rd west of Arl Hts Rd	Storm Water	SW-20-02	0	0	0	0	0	648,000	0
St. Ponding Area - Race Ave & Chicago Ave	Storm Water	SW-20-03	0	0	0	0	0	0	800,000
Sub-Total Sewers			2,762,000	5,229,770	6,185,000	4,575,000	3,200,000	5,310,000	2,235,000
Vehicles									
Metropolis Theater VAN	A&E	VH-21-01	0	0	0	30,000	0	0	0
Vehicle and Special Equipment Repl - PW	Fleet	VH-95-01	672,200	672,200	1,563,800	971,300	1,450,000	701,300	900,400
Vehicle and Special Equipment Repl - W&S	Fleet	VH-95-02	660,000	660,000	279,900	98,400	382,500	220,900	0
Vehicle Replacement - Police Department	Fleet	VH-95-03	288,300	495,514	538,800	248,100	194,500	210,100	168,900
Vehicle Replacement - Fire Department	Fleet	VH-95-04	965,000	285,000	324,800	40,000	470,600	1,371,600	1,253,700
Vehicle Replacement - Municipal Fleet Services	Fleet	VH-95-06	0	0	0	52,000	48,000	0	0
Vehicle Replacement - Municipal Parking Operations	Fleet	VH-95-08	0	0	0	109,000	0	0	0
Vehicle Replacement - Building & Health Services	Fleet	VH-95-10	0	0	0	73,000	25,000	30,000	0
Vehicle Replacement - Engineering Department	Fleet	VH-95-11	25,000	25,000	0	0	0	0	0
Sub-Total Vehicles			2,610,500	2,137,714	2,707,300	1,621,800	2,570,600	2,533,900	2,323,000
Water									
Watermain Replacement Program	Water	WA-90-01	2,026,200	2,026,234	2,500,000	2,500,000	2,500,000	3,000,000	3,500,000
Automatic Meter Reading System	Water	WA-03-02	0	0	0	0	737,300	129,100	400,000
Water Tank Repainting	Water	WA-11-01	159,800	159,740	1,456,900	875,000	1,036,400	525,000	563,000
Deep Well Rehabilitation	Water	WA-11-02	28,100	28,100	0	0	0	0	15,000
Sub-Total Water			2,214,100	2,214,074	3,956,900	3,375,000	4,273,700	3,654,100	4,478,000
Total Capital Spending			46,007,100	52,774,057	31,290,000	22,697,300	23,571,900	23,610,100	22,812,200

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

CAPITAL FUNDING BY FUND	2018 EST ACTUAL	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
Capital Projects Fund	8,741,400	10,961,399	11,041,300	9,015,000	8,676,200	8,318,400	8,395,700
Water & Sewer Fund	3,239,700	3,239,679	5,789,900	4,397,600	6,149,000	4,415,400	5,818,100
Motor Fuel Tax Fund	1,983,200	1,983,178	1,910,400	1,912,100	1,914,500	1,916,800	1,919,100
Criminal Investigation Fund	395,000	395,000	71,300	9,100	0	0	25,000
Municipal Parking Operations Fund	219,700	219,720	78,000	200,000	63,000	138,000	1,213,500
TIF Funds	0	1,429,096	2,755,000	1,053,900	1,028,800	1,101,800	1,000,000
Storm Water Control Fund	2,387,000	4,854,770	5,785,000	4,150,000	2,750,000	4,835,000	1,735,000
Public Buildings Fund	26,030,000	27,129,938	500,000	0	0	0	0
Arts, Entertainment & Events Fund	146,800	169,760	122,000	126,000	125,000	109,000	141,000
Fleet Operations Fund	2,610,500	2,137,714	2,707,300	1,591,800	2,623,600	2,533,900	2,323,000
Technology Fund	253,800	253,803	441,800	241,800	241,800	241,800	241,800
Foreign Fire Insurance Tax Fund	0	0	88,000	0	0	0	0
Total Capital Funding	46,007,100	52,774,057	31,290,000	22,697,300	23,571,900	23,610,100	22,812,200

CAPITAL FUNDING BY REVENUE SOURCE	2018 EST ACTUAL	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
Charges to Operations	2,864,300	2,391,517	2,949,100	1,833,600	2,865,400	2,775,700	2,564,800
Motor Fuel Tax Allotment	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Taxes							
Food & Beverage Tax	146,800	169,760	122,000	126,000	125,000	109,000	141,000
Property Tax	5,300,000	5,300,000	5,400,000	5,500,000	5,600,000	5,700,000	5,800,000
Property Tax Increment	0	1,429,096	2,755,000	1,053,900	1,028,800	1,101,800	1,000,000
Home Rule Sales Tax	1,769,000	1,771,000	1,803,900	1,840,000	1,895,000	1,952,000	2,011,000
Water Sales	3,239,700	3,239,679	5,289,900	4,397,600	6,149,000	4,415,400	5,818,100
Bond Proceeds	9,852,200	10,000,000	0	0	0	0	0
Other (including parking fees & interest income)	1,814,000	1,517,200	1,490,500	1,395,500	1,395,500	1,395,500	1,395,500
Grants/State/Federal/County/Private	0	0	1,800,000	0	0	0	0
Operating Transfer In	320,000	320,000	320,000	320,000	320,000	320,000	320,000
Cash on Hand/Reserves	18,801,100	24,735,805	7,459,600	4,330,700	2,293,200	3,940,700	1,861,800
Total Capital Funding	46,007,100	52,774,057	31,290,000	22,697,300	23,571,900	23,610,100	22,812,200

CAPITAL IMPROVEMENT PROGRAM (CIP) IMPACT ON THE 2019 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 three 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, the Village's building operations costs will rise due to increases in janitorial services, maintenance, supplies, and utilities.

STREETS

Project Name: LED Street Light Conversions

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

Budget: \$64,000 per year

Operating Budget Impact: Additional overtime by Public Works personnel will be required to install these new lights. The 2019 Budget includes an annual increase in Public Works overtime.

WATER

Project Name: Watermain Replacement Program

Description: Replacement of aging watermain throughout the Village.

Budget: \$2,500,000

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

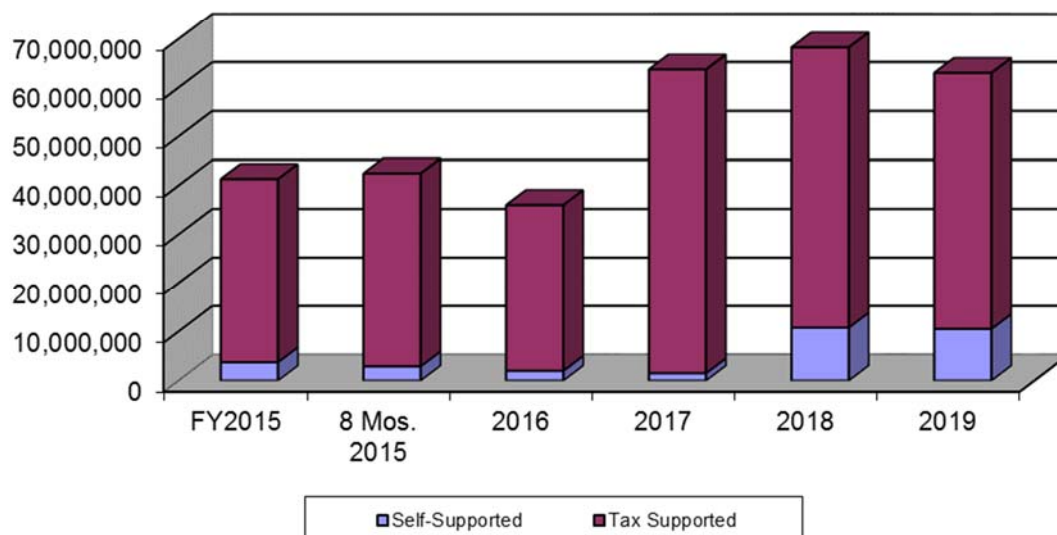
OVERVIEW AND DEBT FINANCING PRINCIPLES

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 2015 through 2019

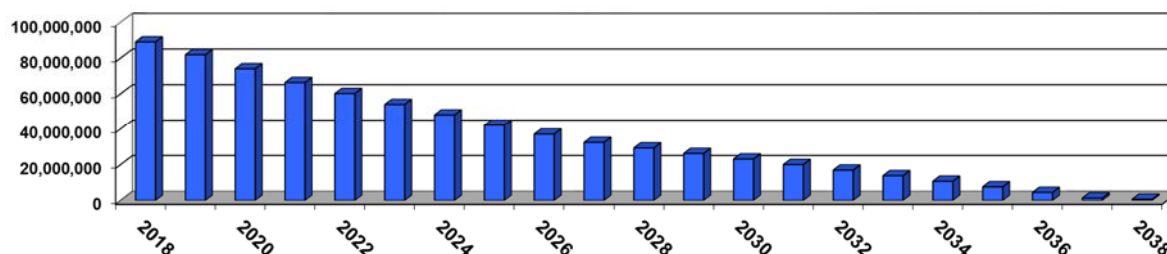


DEBT SUMMARY

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

Total Principal & Interest Outstanding 2018 through 2038

Includes Self-Supported (NWCD & Storm Sewer) and Tax Supported Debt



LEGAL DEBT MARGIN

The Village is a home rule municipality.

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

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

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

TYPES OF VILLAGE DEBT

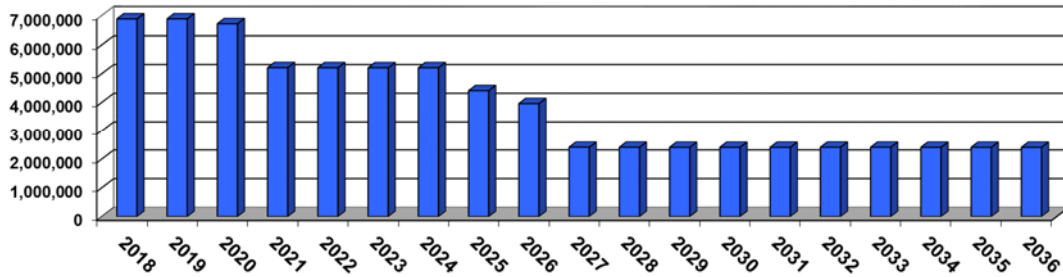
The Village's general obligation bond rating is Aa1 from Moody's Investors Service. A general obligation bond has the full faith and credit of the Village pledged. The general obligation alternate revenue bonds, which are a pledge of a specific revenue source, (i.e. utility taxes, sales taxes, water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

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

DEBT SUMMARY

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

Tax Supported Debt Service Payments by Fiscal Year 2018 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, 2018

ISSUE	PURPOSE	AMOUNT ISSUED	MATURITY DATE	PRINCIPAL OUTSTANDING
2010 G. O. Refunding Bonds	Refunding of 2002A NW Central Dispatch Bonds	2,855,000	12/1/2022	1,065,000
2011 G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,925,000	12/1/2026	9,420,000
2012A G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,670,000	12/1/2022	6,520,000
2013 G. O. Refunding Bonds	Partial Refunding of 2006 Public Building Bonds	7,755,000	12/1/2019	2,000,000
2014 G. O. Road Improvement Bonds	Street resurfacing and sidewalk replacement	8,000,000	12/1/2020	2,295,000
2016 G.O. Police Station Bonds	Design and build new police station	32,900,000	12/1/2036	32,235,000
2018 G.O. Storm Sewer Bonds	Improvement of storm sewer infrastructure	9,530,000	12/1/2038	9,530,000
TOTAL ALL BONDS				63,065,000

ANNUAL DEBT SERVICE REQUIREMENTS

(PRINCIPAL AND INTEREST)

ISSUE	FUNDING SOURCE	8 Month Period Ending Dec. 2015				
		ACTUAL	2016 ACTUAL	2017 BUDGET	2018 BUDGET	2019 BUDGET
2003B Refunding of 1997B Senior Center	Property Tax	334,800	322,400	0	0	0
2006 Public Buildings	Property Tax	3,536,000	0	0	0	0
2006A Refunding of 1997C & 1998A	Property Tax	356,800	354,600	357,000	358,800	0
2011 Partial Refunding of 2004 Public Bldg	Property Tax	441,700	440,500	439,300	442,650	450,863
2012A Partial Refunding of 2004 Public Bldg	Property Tax	370,800	767,100	1,170,400	1,150,400	1,130,400
2013 Partial Refunding of 2006 Public Bldg	Property Tax	321,750	2,421,050	2,242,000	1,671,200	2,080,000
2014 Road Improvements	Property Tax	1,501,658	1,502,550	1,501,050	1,500,550	1,503,850
2016 Police Building	Property Tax	0	884,478	1,094,200	1,759,200	1,719,250
SUBTOTAL - PROPERTY TAX		6,863,508	6,692,678	6,803,950	6,882,800	6,884,363
2003A Refunding of 1997A TIF III	TIF Property Tax Increments	265,000	265,200	0	0	0
2005 TIF V	TIF Property Tax Increments	440,513	0	0	0	0
SUBTOTAL - TIF FUNDING		705,513	265,200	0	0	0
2010 Refunding of 2002A NWCDs Building	Northwest Central Dispatch Rent	281,800	282,300	281,550	285,675	288,325
2018 Storm Sewer Improvements	Storm Water Utility Fee	0	0	0	0	690,878
SUBTOTAL - OPERATING REVENUE		281,800	282,300	281,550	285,675	979,203
TOTAL		7,850,821	7,240,178	7,085,500	7,168,475	7,863,565

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 417 full-time and 18 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	51,533
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 (Daytime)	35° F
Average Summer (Daytime)	83° F
Average Annual Rainfall	37 Inches
Average Annual Snowfall	37 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	32,249
Median Household Income	\$79,979
Per Capita Income	\$43,777
Median Age	43.7
% of population over 65	19%
Education (population 25 years & older)	
High school graduate or higher	95.8%
Bachelor's degree or higher	51.9%
Unemployment Percentage (12/2017) (b)	3.8%

DEMOGRAPHICS (Continued)

Home Value (a)

Median Home Value	\$322,400
Median Gross Rent	\$1,213
\$0 to \$99,999	1,806
\$100,000 to \$149,999	1,730
\$150,000 to \$199,999	1,472
\$200,000 to \$299,999	5,271
\$300,000 to \$499,000	9,427
\$500,000 to \$999,999	3,135
\$1,000,000 or more	279

Land Use (c)

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

Property Value (d)

Estimated Total Property Value (2016)	\$8,690,751,486
Equalized Assessed Valuation (EAV) (2016)	\$2,896,971,162

	<u>2016 EAV</u>	<u>% of Total</u>
Residential	\$2,155,373,008	74.4%
Commercial	620,835,250	21.4%
Industrial	119,444,421	4.1%
Railroad	1,264,483	0.1%
	<u>\$2,896,917,162</u>	<u>100%</u>

COMMUNITY PROFILE

(Continued)

DEMOGRAPHICS (Continued)

Top Five Property Taxpayers (d)

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

Other (d)

Miles of Streets 241

Water Information:

Municipal water system main water supply

Lake Michigan water through the Northwest

Water Commission (All wells are secondary and backup sources)

Miles of Water Mains 260

Number of Water Customers 21,082

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 228

Miles of Sanitary & Combined Sewers 261

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 319,019

Number of Registered Borrowers 77,139

FY2016 Total Circulation 2,116,572

BUSINESS

The Village has 1,776 businesses paying sales taxes.

2017 Kind of Business Report (e)

Sales Category	Sales Volume	%
General Merchandise	\$ 656,386	5.4%
Food	1,701,720	14.1%
Restaurant Dining	1,513,683	12.5%
Apparel	354,063	2.9%
Furniture, Household	884,036	7.3%
Lumber/Building/Hardware	485,147	4.0%
Automotive/Filling Stations	3,604,474	29.8%
Drugs & Misc. Retail	1,514,393	12.5%
Agriculture & All Others	1,215,084	10.0%
Manufacturers	181,884	1.5%
Total	\$ 12,110,870	100.0%

Major Employers (500 Employees or more)

Arlington Park Racecourse (seasonal)	4,500
Northwest Community Healthcare	3,600
Arlington Heights High School Dist. 214	1,700
HSBC	1,500
Lutheran Home	800
Paddock Publications	500
Alexian Brothers Health System	500

COMMUNITY PROFILE

(Continued)

AWARDS & RECOGNITIONS

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

GFOA Distinguished Budget Presentation
Award Annually Since 2005

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

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

President's Arts Friendly Community
Award 2008

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

Chaddick Municipal Development
Process Award 2010

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

CALEA Accreditation of Police Dept. 2018

Governor's Sustainability Award 2013

Community Partnership Award 2013

IRMA Management Assessment Program
Accreditation 2017

Notes:

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