

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

BUDGET-IN-BRIEF 2020

Beginning January 1, 2020

ADOPTED



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

VILLAGE OF ARLINGTON HEIGHTS

BUDGET-IN-BRIEF 2020

Beginning January 1, 2020

ADOPTED

VILLAGE BOARD

Thomas W. Hayes, Village President

Richard Baldino, Trustee
Mary Beth Canty, Trustee
Robin La Bedz, Trustee
Greg Padovani, Trustee

Bert Rosenberg, Trustee
John Scaletta, Trustee
Thomas F. Schwingbeck Jr., Trustee
Jim Tinaglia, Trustee

VILLAGE MANAGER

Randall R. Recklaus

FINANCE DIRECTOR/TREASURER

Thomas F. Kuehne

TABLE OF CONTENTS

INTRODUCTION

Village Administration.....	i
Organizational Chart	ii
2020-2021 Strategic Priorities.....	iii
Transmittal Letter from the Village Manager	iv
Community Revenue Survey	xvii
GFOA Distinguished Budget Presentation Award.....	xviii
Budget & Financial Plan Calendar	xix
Financial Performance Goals.....	xx
Budget Document Purpose & Content	xxiv
Department/Fund Relationship	xxvii

FINANCIAL SUMMARIES

All Funds Summary.....	1
Fund Balance Summary.....	2
All Funds Revenues and Expenditures	4
All Funds Graph – Where the Money Comes From	5
All Funds Graph – Where the Money Goes	6
Property Tax Bill	7
General Fund Graph – Where the Money Comes From	8
General Fund Graph – Where the Money Goes	9
Water & Sewer Fund Graph – Where the Money Comes From.....	10
Water & Sewer Fund Graph – Where the Money Goes.....	11
Employee Census	12
Expenditures & Staffing Summary by Operation.....	13
Interfund Transfers Detail.....	14

CIP / DEBT SERVICE

Capital Improvement Program Summary.....	15
CIP Five Year Spending and Funding Summary	16
CIP Impact on Operating Budget	19
Debt Summary	20
Summary of Outstanding Bond Issues / Annual Debt Service Requirements	23

COMMUNITY PROFILE	24
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VILLAGE ADMINISTRATION

Central Administration

Village Manager	Randall R. Recklaus
Assistant Village Manager	Diana Mikula
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	Nicholas Pecora
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

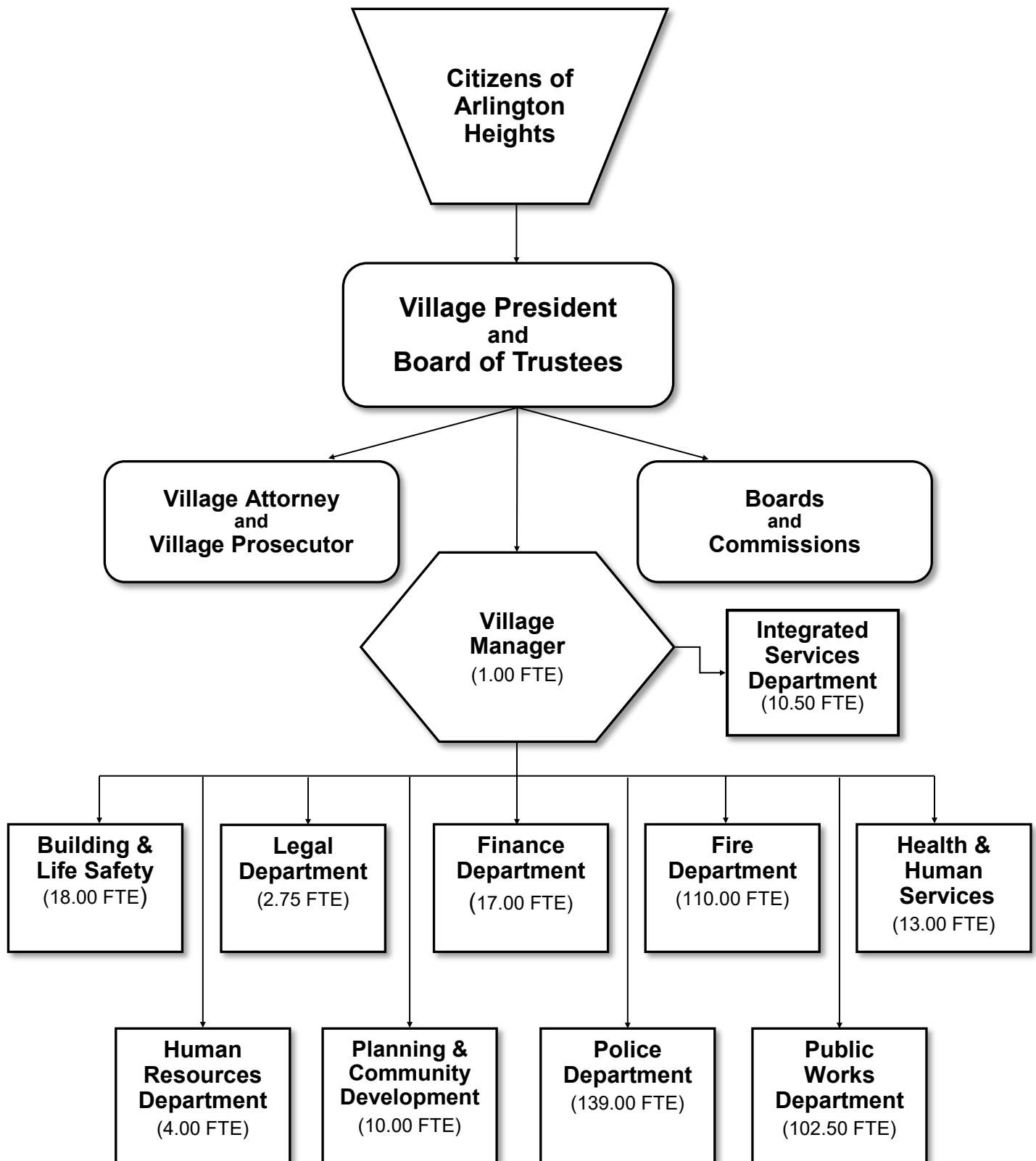
Budget Preparation

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

VILLAGE OF ARLINGTON HEIGHTS

(427.75 FTE)

ORGANIZATION STRUCTURE



2020-2021 Strategic Priorities

These priorities and sub-priorities reflect the views of the Village Board identified at the July 9, 2019 Village Board goal setting session.

1. Identify, Explore, and Enhance Revenue Sources While Monitoring Taxes
 - a. Identify potential new revenues not currently being utilized by the Village to offset State of Illinois actions and reduce the need for future property tax increases
 - b. Find ways to grow current revenues by facilitating additional activity in growth sectors of the economy
2. Review and Update the Village Affordable Housing Strategy and Regulations
 - a. Develop a clear policy and plan for affordable housing in the Village
 - b. Create educational materials for the public and development community on Affordable Housing
 - c. Communicate how housing funds will be utilized
3. Continue Improving Building and Life Safety Processes and Customer Service
 - a. Identify specific opportunities for process and communications improvement
 - b. Identify strategies to support the further enhancement of the Building and Life Safety Department's capabilities
4. Increase Efficiencies Throughout Village Processes and Procedures
 - a. Evaluate service provision for efficiencies
 - b. Eliminate redundant or ineffective procedures to ensure staff time is spent on adding value and productive endeavors
5. Enhance Business Development Efforts
 - a. Increase marketing and recruiting of businesses
 - b. Encourage experiential businesses to develop in the Village
 - c. Address development opportunities throughout the Village, particularly in the Southtown and Uptown areas
 - d. Improve Village gateways
 - e. Evaluate a Southtown entertainment district
6. Explore New Sustainability Initiatives
 - a. Explore an electric vehicle charger policy/program for public and private locations
 - b. Improve walkability for pedestrians
 - c. Enhance bike friendly initiatives
 - d. Evaluate recycling challenges
7. Continue Infrastructure Improvement Efforts
 - a. Evaluate infrastructure to ensure proper investments are being made
8. Review Impact of Changes to Cannabis Laws
9. Find New Ways to Embrace Diversity Within the Community and the Village Government



Village of Arlington Heights

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

October 25, 2019

Dear President Hayes and Trustees:

I am hereby transmitting the Budget for calendar year 2020.

This budget reflects the dynamic economic times we live in, while continuing to maintain and improve the Village's infrastructure. During 2020, we will also work toward extending the Village's efforts to modernize a number of our processes, in order to meet the service needs of our community.

Overview of 2020 Budget Plan

The 2020 Budget maintains our existing day to day operations, which provide for a full range of general government services. During the past year, Staff continued to work on the Village's 2018-2019 Business Plan which is based on the Village Board's biennial goal setting process. Among the efforts completed this year are: various improvements to our permit review processes, the implementation of new e-commerce initiatives including a new parking app, the development of a draft affordable housing policy, and successful marketing of the Village's south corridor plan, with several properties now under contract. The Business Plan also called for the completion of various infrastructure projects in 2019 including the occupation of the new Police Station, the construction of the Cypress Detention Basin, the Completion of Downtown Sewer Improvements, and implementation of parking improvements to the Downtown parking garage.

In June 2019 the Village Board developed the Village's Strategic Priorities for 2020-2021. These priorities were used to create the 2020-2021 Business Plan which is used to guide the development of the budget over the next two years. One of the key projects the Village will be undertaking, is the purchase and implementation of a new Enterprise Resource Planning (ERP) software system. This software will include the base internal service activities such as accounting, budgeting, payroll, purchasing, and cash receipts. It will also provide centralized capabilities for Human Resources, Building and Planning approval processes, and coordination with the Village's website. The Village's current ERP system was installed in 1996. Although it has been updated over the years, newer software providers offer much more proven capabilities that the Village needs in order to offer the efficiency and online services that are now expected by our residents. In late 2019, the Village hired an ERP consultant to help analyze the Village's digital needs, to develop an ERP software request for proposal, and to help manage the implementation of the new software.

Some of the other Business Plan projects that will be undertaken during 2020 include a tax base expansion strategy, further Building and Life Safety process improvements, a review of the solid waste contract, the implementation of a water main and capital project bond financing plan, a Village-wide diversity recruitment initiative, a review of potential updates to the Senior Center facility, and numerous other projects.

In June 2018 the Village Board approved a detailed five-year Capital Improvement Plan (CIP). This plan is completed on a biennial basis with special emphasis on the first two years of the plan. The second year of the CIP as amended, has been incorporated into the 2020 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 2020 Budget include the following:

- A street resurfacing and street rehabilitation program totaling over \$9.1 million in 2020. The CIP shows that this program commitment will grow by about \$100,000 per year.
- The third year of a multi-year plan to implement storm water control projects throughout the Village. In 2018 the Village sold a \$10 million bond issue to fund these projects. In addition, the Metropolitan Water Reclamation District (MWRD) approved a \$1.8 million grant for the Downtown area's Campbell/Sigwalt sewer project, which will allow the Village to complete additional storm water control projects over the next five years. The 2020 Budget includes \$6.6 million in storm water control projects for the coming year.
- Year four 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.
- A five-year plan to provide sustainable funding for the Village's Water and Sewer Fund. During late 2020, the Village will have an opportunity to manage its debt service level due to the maturity of some debt in 2021. \$8.5 million of an overall \$14 million 2020 bond issue be used in the Water and Sewer Fund to allow the Village to reach the recommended 1%, or \$4.5 million annual water main replacement schedule starting in 2020. This has been a long time goal of the Village, and over time should help reduce the Village's high number of water main breaks. The remainder of the bond issue will be used for other capital needs.

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 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 2020 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.

2019 Property Tax Levy Payable in 2020

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. **The total 2019 property tax levy collected in 2020 reflects a 0% increase over the prior year levy.** This levy was initially looking to be challenging, as there were upward pressures on the levy due to the Illinois Municipal Retirement Fund's (IMRF's) change in its assumed rate of return from 7.5% to 7.25%. In addition, the IMRF, Police and Fire Pension Fund's all experienced investment losses due to the steep market decline in December 2018. To help offset these upward pressures, the Village took the following actions to reduce the effects of the investment losses. In addition, some of the Village's key operating revenues and expenditures out-performed budget projections.

1. The Village paid down a portion of the unfunded liabilities in the Police and Fire pension funds by transferring \$1.5 million to each of these funds using 2018 General Fund surplus monies. Per the Village's actuary, this reduced the projected property tax increase in each of these funds by about 3%, or a combined \$288,000 per year between now and 2040.
2. In September 2019 the Village refunded bonds carrying an interest rate of 4% replacing them with bonds paying an average of 1.35%. The debt service savings from this refunding will be \$1.2 million over the next seven years.
3. The enhanced vehicle sticker enforcement program is generating an additional \$200,000 per year.
4. The Northwest Central Dispatch charges to the Village decreased by \$217,000 due to a reduction in member contributions enabled by an increase in the State of Illinois' 911 surcharge allocation to dispatch centers.
5. Local use and income tax receipts, as well as increases in building permits and interest on investments have all out-performed the budget by a combined \$1.3 million. These increases have been included in the revenue base for 2020.
6. Health insurance costs for 2020 increased by a combined 3.5% rather than the assumed increase of 8%, for a savings of about \$420,000. This improvement was due to better claims experience and some savings due to the new retiree carve-out program, where retirees now have the option of joining a separate, but comparable health plan.
7. Targeted reductions were made in expenditures in certain operational areas over the past two years.

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 2020. There is a significant increase in the IMRF levy for 2020 due to decreases in IMRF's actuarial assumed rate of return. 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 1.97% 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 the abovementioned changes has resulted in a 2019 Village property tax levy that is equal to last year's extended levy. The total 2019 property tax levy including the Library's levy increases by 0% and is summarized below:

	Extended 2018 Levy	2019 Levy For 2020	Dollar Change	% Change
Village				
Debt Service	\$ 6,953,207	\$ 6,690,350	\$ -262,857	-3.78%
Police Pension	\$ 4,057,170	\$ 4,209,000	\$ 151,830	3.74%
Fire Pension	\$ 5,002,530	\$ 5,130,000	\$ 127,470	2.55%
Capital Improvement	\$ 5,454,000	\$ 5,500,000	\$ 46,000	.84%
FICA	\$ 1,441,270	\$ 1,479,997	\$ 38,727	2.69%
IMRF	\$ 1,400,870	\$ 1,819,000	\$ 418,130	29.85%
Police Protection	\$ 6,307,450	\$ 6,047,800	\$ -259,650	-4.12%
Fire Protection	\$ 6,307,450	\$ 6,047,800	\$ -259,650	-4.12%
Total Estimated Village Levy	\$36,923,947	\$36,923,947	\$ 0	0%
Library	\$14,391,649	\$14,391,649	\$ 0	0%
Grand Total Tax Levy	\$51,315,596	\$51,315,596	\$ 0	0%

Budget Summary – All Funds

The budget is comprised of operating, capital, internal service and other miscellaneous funds. The Village's operating funds account for the day-to-day expenditures for a variety of services. Among these are police and fire protection, water and sewer services, public parking, building, code review, planning, health, general services, public infrastructure maintenance and many other services. These basic Village services are funded through user fees, taxes, licenses, permits and other charges. The total amount budgeted for the Village's capital needs can vary from year to year depending on the timing and implementation of replacement and construction schedules. Capital expenditures are funded through bond issues, user fees, designated taxes and the budgeted use of accumulated savings.

The total expenditures for all operating, capital and other funds for 2020, not including the Arlington Heights Memorial Library, comes to \$177,184,200, a decrease of 9.7% or about \$19 million. This decrease is primarily attributable to the following debt service and capital expenditure areas:

- Last year's 2019 Debt Service Fund included an additional \$9.5 million to account for the issuance of the 2019 refunding bonds, and payment to the escrow agent to pay off the old bonds.
- The 2019 Public Building Fund budget included nearly \$4.1 million in expenses, including \$3.3 million in final costs for the construction of the new Police Station and an \$800,000 transfer to the Capital Projects Fund. Only \$560,000 is budgeted in the 2020 Public Building Fund for Police Station contingency costs and a Senior Center Building Study.
- Other 2020 capital funds that show a decrease when compared to the 2019 Budget, include \$2.9 million less in the Capital Projects Fund due to the completion of various projects, and \$2.6 million less in the Storm Water Control Fund due to the expected completion of the Cypress Detention Basin.

Pension benefits for Village employees are separate from the underfunded State of Illinois pension plans. Village pension plans are covered through the Police Pension Fund, the Firefighters' Pension Fund, and the Illinois Municipal Retirement Fund (IMRF). Through the years, the Village has continued to pay the actuarially required contribution for each of these funds. It should be noted that in 2010 the State Legislature mandated a two-tier pension system for IMRF and all municipal Police

and Fire pension plans. The intent of the new two-tier pension system is to reduce the long-term pension liability for employers who have employees covered under these plans. Village staff is currently comprised of about 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. The 2020 total payroll cost is projected to increase 2.74% over the prior year's wage base, including all step increases and other wage adjustments in all departments. Over the next few years the Village will be challenged with the need to find and hire top level talent, as 30% of our current employees will be eligible to retire in 2020 and 41% will be eligible in 2021. Forty-one full-time positions (including promotions) have been filled in the organization in 2019 to date, 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.

For the first time in a number of years, a small increase in staff is included in the 2020 Budget. The Building & Life Safety Department includes moving a part-time Permit Technician position to full-time status to enhance customer service and permit processing capabilities at the front desk. Over \$50,000 in additional funding for this Department has also been included for contractual support and plan review outsourcing. This outsourcing will supplement our full-time staff for reviews of large projects and minimize service disruptions due to vacations and peak work periods. There will also be additional outsourcing for fire plan reviews which will allow the Village's Fire Inspectors more time to perform scheduled periodic fire inspections.

The Integrated Services Department's (ISD's) 2020 Budget includes funding for a new IT Systems Analyst position. This new position will help ISD meet existing challenges, and manage the large number of new technology process improvement efforts currently underway in many departments. The position will also assist with the increase in the number of IT help calls, and will keep our expanding system updated. This will allow the IT Manager to expand his focus toward automation and village-wide technology improvements, including the new ERP system. As the Village moves toward technologically viable and innovative projects, the ISD needs to be in a position to fully support and guide these initiatives. An additional \$28,000 in IT contractual services will also be spent in order to perform network vulnerability and network penetration testing. The purpose of the assessment testing is to analyze the Village network environment for any weak points, and to uncover hidden cyber risks in order to reduce our exposure to cyber threats.

Employee benefit coverage is an essential part of both attaining and retaining great employees. To be conservative the Village's long-term projections typically assume an increase in health insurance costs of 8% per year. In 2019, the Village implemented a retiree carve-out plan for retirees age 65 and older as part of continuing efforts to control medical and prescription drug costs. Retirees and their dependents who are 65 or older and Medicare eligible, are no longer included in the Village's medical and prescription plan. Eligible retirees can now choose to participate in a separate retiree health plan provided through Hartford Insurance, or they can seek out another plan in the health insurance market. Medicare remains the primary payer, and the Hartford plan is the secondary payer. The savings to the Village due to initiating the new retiree health plan will be dependent on actual claim cost. The Village's health insurance broker estimates there will be a cost savings of about \$300,000 in fixed costs, and an additional \$70,000 per year in claim costs.

The blended increase for the Village and Library PPO and HMO medical plans will be 3.5% in 2020. The projected increase for the PPO plan is 2% and the HMO plan is 6.5%. The PPO increase maintains a 2% margin that was built-in to the prior year's base to help offset potential adverse claims experience. The employee PPO rates include this margin.

The balance of this budget message identifies the process that has been followed to prepare this financial plan for 2020, a detailed review of the General Fund, as well as budget narrative on other Village funds. Additional charts and graphs on the budget as a whole and on selected funds can be found in the Financial Summaries section of the budget.

Explanation of the Budget Process

The Village of Arlington Heights operates under the Budget Officer Act as outlined in the Illinois Compiled Statutes. Under this law the Village Board is required to adopt the budget prior to the beginning of the fiscal year to which it applies. The law also provides that the budget shall serve as the Village's annual appropriation ordinance. After the local election process that occurs every two years, each Department Director presents an outline of their Department's services, workload indicators, key accomplishments, and new initiatives to the "new" Village Board. This is followed by the Village Board's biennial goal setting process during June of that year. After the Board's goals and objectives are established, Staff develops a two-year business plan that reflects the Board's stated goals. In even-numbered years, a detailed five-year Capital Improvement Program (CIP) is developed with special emphasis on the first two years of the plan. This reflects the multi-year nature of many of the capital projects that are included in the CIP. During the years when there isn't a detailed CIP being presented to the Board, Staff provides the Board with a summary update showing any changes in estimated costs from the prior year. By 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 proposed spending plans. As the proposed budget is developed, the estimated property tax levy may be increased or decreased depending on budget proposals for the Village Board's review.

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

Under the Budget Officer Act and the Village's purchasing guidelines, the budget may be amended by the Village Manager in the form of transfers between line items up to \$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 budgeted expenditures for those funds:

	<u>General Fund</u>	<u>Water & Sewer Fund</u>
Budget Ceiling	\$79,018,500	\$20,431,900
Budget	<u>\$78,436,500</u>	<u>\$23,760,000</u>
Over (Under) Ceiling	\$ (582,000)	\$ 3,328,100

During the department reviews, the budget team and department directors worked to prepare a budget at or below the budget ceilings. The 2020 budget for the General Fund is lower than the budget ceiling established by the Village Board in July 2019. The key reasons for this decrease are lower health insurance costs than assumed, and decreases in legal and building maintenance costs. Should there be unexpected 2020 costs in the latter two areas, such costs can be covered through the use of contingency funds.

The Water & Sewer Fund budget reflects the Village Board's October 2019 review and approval of a five-year funding plan for this fund. The 2020 Budget reflects the Village's long-term goal of replacing 1% of our water mains per year, a multi-year plan to replace the automatic reading system, and the repayment of a \$500,000 prior year loan from the Storm Water Control 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)	23%
- Income Tax	10%

The revenues listed above represent the General Fund's primary growth revenues, which generally pay for annual cost increases. The 2020 Budget for sales tax receipts only shows a slight .2% increase compared to the prior year budget. This is due to the announcement that the Napleton Subaru dealer will be moving to a nearby community at the end of 2019. Income tax receipts show an increase of 9.5% compared to the prior budget year due to a growing state economy and a low unemployment rate. The 2020 Budget assumes an annual growth rate of 2% after the prior year gains were incorporated into the revenue base. The State has also continued to divert 5% of the Village's income tax revenue stream to State coffers. This represents an ongoing diversion of about \$390,000 in Village funds to the State.

Local Use tax receipts are projected to come in 26% higher than the prior year budget, due to last year's ruling by the Supreme Court on the collection of internet sales taxes. Over the last decade there has been downward pressure on sales tax receipts due to the expansion of online retail sales, and the closure of brick and mortar businesses. In 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% divided between local entities based on a formula and population. As a result, the Village's portion of the State Use Tax has increased, but it represents only a portion 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 action has continued to increase the amount that municipalities receive through the allocated portion of the Use Tax.

In addition, as part of the State's most recent fiscal-year budget, large on-line, out-of-state retailers will be required to pay regular State and local sales taxes as of July 1, 2020. This will go a long way to leveling the playing field with brick and mortar establishments. As this unfolds over the succeeding years, the Village will likely see a decline in Use tax receipts, but hopefully a larger increase in regular Sales and Home-Rule Sales tax receipts.

Disruptive technologies continue to significantly alter the way that businesses and entire industries operate. Some innovations are having a direct effect on the Village's revenue base. As noted above, the growth in Local Use tax receipts is a reflection of the ongoing rise of e-commerce. A couple of other General Fund revenue sources are being affected by disruptive technologies. Telecommunications tax receipts continued to decline by \$347,700 from the 2019 Budget to the 2020 Budget, as more residents "cut the cord" to their land lines. It is projected that this revenue source will continue to decrease. Cable Franchise Fees are also projected to decrease by \$100,000 from the 2019 Budget to the 2020 Budget, as more residents are choosing internet streaming services over regular cable or premium channels. Cable Franchise fees are not applied to steaming services like Netflix, Amazon and Hulu.

Some General Fund revenues showing marked increases between the 2019 and 2020 budget years include Building Permits and Interest on Investments. The 2020 projected budget for both of these revenues is increasing by \$200,000 or more each based on the actual experience over the prior three years. Vehicle Sticker revenues are also projected to increase by \$200,000 or 16% from the 2019 budget to the 2020 budget as a result of the Village's enhanced vehicle sticker enforcement program. In an effort to increase compliance with the vehicle sticker purchase requirement, Staff compared the State's motor vehicle database for Arlington Heights against the Village's vehicle sticker database. This resulted in 15,000 mailings for 26,000 vehicles. A number of these mailings resulted in correcting inaccurate data maintained by the State or the Village. However, since the start of the new enhanced enforcement program in March 2019, an additional 7,500 stickers have been sold, which have generated \$210,000 in new vehicle sticker revenue and \$210,000 in additional late fee penalties. Other General Fund revenues have been fairly consistent from year to year.

On the expenditure side, as a service organization, 81% 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 2020 General Fund budget for expenditures increases by 2.1% compared to the prior year. During the internal Department review process, it was determined that the Village Attorney Legal Services expenditure in the Legal Department could be decreased by \$31,000, as an outside attorney is no longer required to attend Village Board Meetings. The Building Maintenance account in the Public Works Department was decreased by \$50,000, and the Overtime – Sworn Court account in the Police Department was decreased by \$54,300, both based on prior year experience. If extraordinary expenditures occur in these budget areas, the Departments could request a budget transfer from the General Fund contingency account. The 2020 Budget also includes expanded budget requests for larger monitors (\$6,000) in the Building Department for electronic plan reviews, Senior Center national accreditation (\$2,700), monies for a fall 2020 radio advertising campaign (\$5,000) in the Planning Department, and an expansion of the Laserfiche document archiving system (\$8,000) to all departments.

The budget includes \$86,300 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, 2018. The Village has had a long-standing partnership with Meet Chicago Northwest, and this will be the first year of a new three year budget agreement with the convention bureau.

Future General Fund Issues:

State of Illinois Budget – Although the State passed a budget for its 2020 fiscal year, its budget is reported to be somewhat unbalanced. For this reason, and due to the State's high unfunded pension and health insurance liability balances, rating agencies have continued to keep the State on their watch lists.

State Gambling Expansion - Slots at Arlington Park Racetrack – During 2019 the State of Illinois approved a bill to expand gambling in Illinois. This bill included a provision allowing slots at horse racing tracks in Illinois, including Arlington Park Racetrack. However, the owner of the track, Churchill Downs has stated that the bill, as currently written, is not financially feasible for them to offer slots and table games due to high gambling taxes and one-time fees. At this point the track has committed to staying open through 2021. The Village will continue to monitor this situation, and will consider future plans with or without the track being operational.

Water & Sewer Fund

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

In October 2019 the Village reviewed and approved a five-year funding plan that will allow the Village to attain its long-term goal of replacing 1% of our water mains each year. The life expectancy of a water main is 100 years, and the average age of the Village's water mains is 65 years. To attain the 1% replacement level, the 2020 Budget shows an increase in the annual water main replacement program from \$2.5 million to \$4.5 million.

Water main breaks are used as an indicator of system condition. According to the American Water Works Association, water utilities should strive for between 25 and 30 water main breaks per 100 miles of water main per year. Over the last five years, the Village is averaging 88 breaks per 100 miles of water main. In an effort to combat the water main breaks, the Village has developed several programs over the years including an aggressive leak detection program and a surge suppressor program. The Village also continues to phase in the installation of variable frequency drives at our booster stations. Although these programs have been successful, they are preventative measures only and aid in extending the life of our water mains. As such, these efforts are not a substitute for needed water main replacement.

Over the years, the Village has worked to maintain a level debt service levy. Due to tax supported general obligation debt maturing in 2021, in late 2020 the Village will have an opportunity to sell \$14 million in bonds without increasing our debt service property tax levy. There will be a variety of capital needs that could be funded with this potential bond issue including water main replacement, public parking lot elevators, building infrastructure improvements, and other capital needs that will be discussed during the 2021-2025 CIP.

As part of the October 2019 Five-Year Water & Sewer Funding Plan, the Village Board approved the recommendation to allocate \$8.5 million of the 2020 bond proceeds toward the water main replacement program. Water & Sewer Funds are typically self-sufficient, which would include the fund paying the debt service on the portion of a bond issue allocated to water infrastructure needs. However, due to the advanced average age of our water main system, and to provide the Village a path to reach the 1% replacement goal sooner rather than later, the principal and interest on this bond issue will be paid through the debt service levy.

Due to the advanced age of the Village's water and sanitary sewer systems, the high number of annual water main breaks, and the need to increase significantly the annual water and sewer infrastructure improvements, over the next five years water and sewer rates will go up by 8.5% in 2020 and 5% in each of the succeeding four years. This represents the most sustainable long-term plan to fund the needed improvements. Reaching this higher level of water main replacement will not automatically decrease the high incidence of the Village's water main breaks. However, when combined with improved leak detection efforts, water meter change-outs, and the installation of surge suppressors, the Village will finally be on a sustainable path to reduce our water loss and the number of water main breaks over time.

It should also be noted that a 2019 water and sewer rate survey shows the average combined rate for area communities is currently \$10.10 per 1,000 gallons. The Village's current combined rate is \$8.04, and after five years, the Village's combined rate will only be slightly above this current average level at \$10.60 per 1,000 gallons by 2024. It could also easily be assumed that the other area communities will increase their water and sewer rates further over the next five years.

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 biennial basis. By communicating through the Village website, citizens are afforded the opportunity to complete a short form describing the type of capital projects they would like the Village to consider in the next five years. The top two capital infrastructure issues identified through the community response process has consistently been for street and storm water control projects. Village staff analyzed the cost and eligibility of all the proposed projects, and the Board subsequently examined the requests along with staff recommendations. Certain capital projects are considered only if the persons and property owners are agreeable to special assessment or special service area financing. In other cases projects are included in the CIP since they would benefit the community as a whole. In June 2018, the Village Board reviewed the detailed capital improvement program and approved the five-year Capital Improvement Plan for 2019 - 2023. The next biennial CIP process will be undertaken in 2020.

The capital projects outlined in the CIP are budgeted in a variety of Village funds, depending on the source of revenue. The second year of the multi-year capital plan has been incorporated into the 2020 Budget. The "CIP/Debt Service" section of the budget shows a summary of the entire five-year

capital spending and funding plan. The key 2020 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 2020 Budget, there is a \$750,000 budget place holder and \$160,000 budgeted for a Green Corridor Beautification project shown in TIF IV. In TIF V, \$332,000 is budgeted for the Rand Road Corridor Identification project. The Hickory/Kensington TIF includes \$800,000 for the construction of public infrastructure associated with the development of a new apartment building. There are no other large capital projects currently scheduled for the TIF Districts during the 2020 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 included funds for an infrastructure lobbyist. The Village recently contracted with Eligo Energy for a new Green Aggregation Program. This program will provide a civic contribution of \$175,000. Staff is developing a list of "green projects" for funding in 2020 and 2021 using those funds. Currently the only program identified for funding is a pilot program for electric car charging stations in the Vail Garage. Last spring the State of Illinois approved a Rebuild Illinois capital plan, and the Village was successful in receiving grant funding for \$3.4 Million worth of Village projects within the Plan. The exact timing of the grant funds is currently yet to be determined so it is possible that some projects currently in our budget contemplated for 2020 may be moved up or back based on the need to move our Rebuild Illinois projects forward sooner.

The 2020 street program includes the following expenditures:

Street Program (\$6,157,200 – Capital Projects Fund) – This is an ongoing program to resurface or rehabilitate existing deteriorated street pavement and curbs.

Street Rehabilitation Program (\$2,400,000 – MFT Fund) – This is an ongoing street rehabilitation program consisting of the reconstruction of significantly deteriorated street pavement, curbs, and concrete panels. The 2020 Budget for this program is \$600,000 higher than prior year budgets due to the recent increase in the State's gas tax which was part of the new State capital plan. Beginning July 1, 2019 the Motor Fuel Tax law was amended to impose a tax rate increase from 19 cents to 38 cents per gallon on motor fuel which will be adjusted annually, if any, on July 1st of each year based on the Consumer Price Index.

Some of the other major projects included in the 2020 Capital Projects Fund budget are:

Sidewalk & Curb Replacement (\$395,000) and Paver Brick Maintenance (\$412,000) – 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 paver brick areas have not seen significant work since they were installed a number of years ago.

Downtown Streetscape Improvements (\$200,000) – The final year of a multi-year plan to restripe Evergreen to provide additional parking, and to enhance the Downtown pedestrian environment and safety by creating mid-block crosswalks.

Rand Road Corridor Identification Enhancement (\$230,000) – 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.

Storm Water Control Fund – In 2018 the Village sold a \$10 million bond issue to pay for a number of storm water infrastructure projects over the next five years. The principal and interest on these bonds is being covered by storm water utility fees that were implemented in late 2017. In addition to this revenue source, the Village continues to actively seek out grant funding opportunities. The Village was fortunate to have been selected for grant funding assistance from the Metropolitan Water Reclamation District of Greater Chicago (MWRD). This grant will cover \$1.8 million of the \$3.8 million Downtown sewer project (Area 4 – Street Ponding Campbell/Sigwalt). This project, scheduled to be completed during 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. Like the Capital Projects Fund, the timing and priority of the currently contemplated Storm Water Control Fund projects may be impacted by the sudden availability of Rebuild Illinois Grant dollars. The 2020 Budget includes the following significant flood control projects:

Backyard Drainage Improvements (\$500,000) – This program budget provides funds for public drainage improvements allowing new or improved access for residents to Village storm sewers. The program only covers work on public right-of-way, or within public utility and drainage easements. Any connections or work on private property not within public easements, is the responsibility of the property owner. The 2020 Backyard Drainage Improvement project will focus on installing storm sewers on Evergreen Avenue and Maude Avenue. The following year's 2021 project will include the installation of a storm water detention basin and storm sewers on Hawthorne Street west of Forrest Avenue. The 2021 work will include some ditch re-grading for some sections of Forrest Avenue.

Storm Water Rehabilitation/Replacement Program (\$500,000) - The budget includes the fifth 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 2019, there have been 231 rebates paid (including 35 from the enhanced program) to single-family homeowners for a total cost to date of \$1.6 million.

Area D - Greenbrier/Roanoke/Wilke (\$3,100,000) - This includes storm sewer improvements, street reconstruction, water main replacement, sidewalk and curb restoration, and landscaping restoration within the Greenbrier Subdivision. The storm sewer system will provide relief to low lying areas along portions of Roanoke Drive, Concord Drive, and Lexington Drive, and will discharge to the existing detention basin west of Verde Drive. The existing detention basin will be enlarged utilizing existing vacant land adjacent to the basin.

Area C/NW – Burr Oak/Burning Tree (\$1,637,000) and Area C/SE - Hintz Road west of Arlington Heights Road (\$648,000) – This project includes storm sewer improvements, street reconstruction, water main replacement, sidewalk and curb restoration, and landscaping restoration at two separate locations in the Berkley Square Subdivision. The first location is the northwest area of the subdivision and will include the installation of new storm sewer that diverts floodwater to a storage basin on the western side of Raven Park. The second location is in the southeast area of the subdivision, and improvements include the installation of a new upsized storm sewer line. This project has been identified as a recipient of an Illinois Department of Commerce and Economic Opportunity (DCEO) grant in the amount of \$1,000,000.

Workers Compensation Fund - The 2020 Budget continues to reflect an annual deficit in this fund due to higher than normal claims payout experience. Village Staff will be meeting with representatives from the Intergovernmental Risk Management Agency (IRMA), to review claims experience and our workers compensation policies and procedures, to determine what, if any adjustments can be made. The Village is a member of IRMA, an intergovernmental insurance cooperative for municipalities and other government agencies. The Village carries a self-insured retention of \$100,000 per claim before IRMA's insurance coverage applies.

In addition to working with IRMA, the Village plans on increasing its internal service charges to the Village's operating funds by 5% per year for the next three years. Prior to this, the Workers Comp internal service charge has increased by about 2% per year. The combination of these revenue adjustments and any reduction in claims experience, should bring this fund back into balance over the next couple of years.

Acknowledgements

The 2020 Budget continues the Village's commitment to its ongoing capital improvement program and the provision of quality municipal services. I would like to thank the entire staff and especially the budget team consisting of Tom Kuehne, Mary Ellen Juarez, Kevin Baumgartner, and Diana Mikula for their efforts. Thanks as well to the Village Board for its ongoing support during the budget cycle and throughout the year.

Sincerely,



Randall R. Recklaus
Village Manager

**SURVEY OF COMPARABLE MUNICIPALITIES
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME
AUGUST 2019**

ANNUAL ESTIMATED PAYMENTS:

Municipality	2019 Passenger Veh. Stickers	Garbage Bill*	Yard Waste Bill	Combined** Residential Water & Sewer Bill	Storm Water Fee	Home*** Rule Sales Tax	Food & Beverage Sales Tax	Municipal Motor Fuel Tax	Entertain. Tax	Electric Utility Tax 12,300 kWh/Yr	Gas Utility Tax 1,700 therms/Yr	Telecom Tax	2018*** Municipal Property Tax	Total Estimated Annual Homeowner Costs
Assumptions for Average Family	2 Cars	12 /Yr	48 Bags/Yr	144,000 Gallons/Yr	Estimated	\$6,000 /Year	\$3,000 /Year	650 Gallons/Yr	\$2,400 /Year	\$1,400 /Year	\$1,650 /Year	\$1,200 /Year	\$77,300 EAV	
1. Rolling Meadows	0.00	\$359.40	\$0.00	2,337.12	57.12	60.00	60.00	26.00	0.00	75.03	85.00	72.00	1450.15	\$4,581.82
2. Hoffman Estates	0.00	\$204.00	\$139.20	1,821.72	24.00	60.00	60.00	162.50	144.00	69.00	85.00	72.00	1181.14	\$4,022.57
3. Mount Prospect	90.00	\$234.96	\$0.00	1,896.48	0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	883.54	\$3,361.14
4. Wheeling	0.00	\$266.76	\$0.00	1,120.32	33.00	60.00	30.00	0.00	96.00	75.03	85.00	72.00	1354.30	\$3,192.41
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	737.44	\$3,143.59
6 Arlington Heights	60.00	\$216.72	\$132.00	1,188.96	75.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	977.85	\$2,980.06
7 Des Plaines	60.00	\$207.24	\$0.00	1,170.72	109.44	60.00	30.00	26.00	0.00	70.23	42.50	72.00	1009.54	\$2,857.67
8 Schaumburg	0.00	\$0.00	\$0.00	1,911.84	0.00	60.00	60.00	19.50	120.00	0.00	0.00	72.00	481.58	\$2,724.92
9. Buffalo Grove	0.00	\$279.60	\$0.00	917.28	60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	973.98	\$2,553.85
10 Palatine	60.00	\$258.00	\$0.00	879.30	60.00	60.00	30.00	0.00	0.00	75.03	0.00	72.00	1001.81	\$2,496.14
11. Park Ridge	90.00	\$0.00	\$0.00	1,464.66	0.00	60.00	30.00	26.00	0.00	68.63	34.00	72.00	647.77	\$2,493.07

*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 (08/19), / Cook County Clerk website / Municipal websites / Codes

RATES:

Municipality	2019 Passenger Veh. Stickers	Est. Monthly Garbage Rate (1x/week)	Combined Water & Sewer Rate/ 1000 Gallons + fixed fees			Home Rule Sales Tax Rate	Food & Beverage Sales Tax Rate	Municipal Motor Fuel Tax Cents/Gal	Entertain. Tax Rate	Electric Utility Tax /kWh	Gas Utility Tax /Therm	Telecom Tax Rate	2018 Municipal Property Tax Rate
			Yard Waste Rate /Bag	Yard Waste Rate /Bag	Storm Water Fee/Month								
Arlington Heights	30.00	18.06	2.75	8.04	6.25	1.00%	1.25%	0.00	0.00%	0.00610	0.050	6.00%	1.265
Buffalo Grove	0.00	23.30	0.00	31.20	5.08	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.260
Des Plaines	30.00	17.27	0.00	8.13	9.12	1.00%	1.00%	0.04	0.00%	0.00571	0.025	6.00%	1.306
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%	0.954
Hoffman Estates	0.00	17.00	2.90	12.09	2.00	1.00%	2.00%	0.25	6.00%	0.00561	0.050	6.00%	1.528
Mount Prospect	45.00	19.58	0.00	12.42	0.00	1.00%	1.00%	0.04	0.00%	0.00351	0.015	6.00%	1.143
Palatine	30.00	21.50	0.00	5.70	5.00	1.00%	1.00%	0.00	0.00%	0.00610	0.000	6.00%	1.296
Park Ridge	45.00	0.00	0.00	9.62	0.00	1.00%	1.00%	0.04	0.00%	0.00558	0.020	6.00%	0.838
Rolling Meadows	0.00	29.95	0.00	15.98	4.76	1.00%	2.00%	0.04	0.00%	0.00610	0.050	6.00%	1.876
Schaumburg	0.00	0.00	0.00	12.66	0.00	1.00%	2.00%	0.03	5.00%	0.00000	0.000	6.00%	0.6230
Wheeling	0.00	22.23	0.00	7.78	2.75	1.00%	1.00%	0.00	4.00%	0.00610	0.050	6.00%	1.7520



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Village of Arlington Heights
Illinois**

For the Fiscal Year Beginning

January 1, 2019

Christopher P. Morill

Executive Director

BUDGET CALENDAR

For Preparation of 2020 Budget

(January 1, 2019 – December 31, 2019)

DATE	DAY	ACTIVITY
March - June, 2019	–	Capital Improvement Project Recap prepared.
June 14, 2019	Friday	Operating Fund Overview/Recommended 2020 Budget Ceilings and Proposed 2019 Property Tax Levy released to Village Board for discussion at June 24 Committee-of-the-Whole meeting.
June 24, 2019	Monday	Committee-of-the-Whole reviews Comprehensive Annual Financial Report, and discusses the Operating Fund Overview, Recommended 2020 Budget Ceilings, and proposed 2020 tax levy.
July 1, 2019	Monday	Board considers any motions stemming from June 24 Committee-of-the-Whole meeting regarding the recommended 2020 Budget Ceilings.
July 12, 2019	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
August 12, 2019	Monday	Department budget requests and projections due.
Aug 12 – Sep 6, 2019	–	Finance Department compiles departmental budget submissions.
September 6, 2019	Friday	First draft of 2020 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 11 – Sep 13, 2019	–	Departments meet with Village Manager and Budget Team.
Sep 16 – Oct 24, 2019	–	Final draft of 2020 budget prepared.
October 25, 2019	Friday	Release final draft of 2019 Budget to Village Board.
November 12, 2019	Tuesday	1st Budget Meeting – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, Health & Human Services, HR, Finance, Building Services, and Police
November 14, 2019	Thursday	2nd Budget Meeting – Budgets for Metropolis Theater, Boards & Commissions (Convention Bureau), Legal, Planning & Community Development, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire
November 19, 2019	Tuesday	3rd Budget Meeting – If needed
November 20, 2019	Wednesday	Notice of Public Hearing on 2020 Budget published in newspaper.
December 2, 2019	Monday	Board approves 2019 Tax Levy and Abatement Ordinances. Public Hearing on 2020 Budget. Approval of 2020 Budget at formal meeting.

FINANCIAL PERFORMANCE GOALS

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

REVENUE PERFORMANCE GOALS

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

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

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

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

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

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

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

OPERATION EXPENDITURES PERFORMANCE GOALS

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

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

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

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

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

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

FINANCIAL PERFORMANCE GOALS

(Continued)

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

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

RESERVE PERFORMANCE GOALS

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

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

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

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

INVESTMENT PERFORMANCE GOALS

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

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

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

FINANCIAL PERFORMANCE GOALS

(Continued)

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

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

CAPITAL IMPROVEMENT PERFORMANCE GOALS

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

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

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

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

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

DEBT PERFORMANCE GOALS

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

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

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

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

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

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

FINANCIAL PERFORMANCE GOALS

(Continued)

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

FINANCIAL REPORTING PERFORMANCE GOALS

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

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

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

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

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

BUDGET DOCUMENT PURPOSE & CONTENT

PURPOSE

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

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

CONTENT

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

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

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

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

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

BUDGET DOCUMENT PURPOSE & CONTENT

(Continued)

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

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

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

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

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

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

BUDGET DOCUMENT PURPOSE & CONTENT

(Continued)

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

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

DEPARTMENT/FUND RELATIONSHIP

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

VILLAGE OF ARLINGTON HEIGHTS

ALL FUNDS SUMMARY

FUND	REVENUES	2017 Actual	2018 Actual	2019 Est. Actual	2019 Budget	2020 Budget	\$ Change	% Change
101	GENERAL	71,297,064	75,927,450	77,568,900	76,151,800	78,436,500	2,284,700	3.0%
211	MOTOR FUEL TAX	1,918,400	1,933,232	1,912,000	1,904,000	2,504,000	600,000	31.5%
215	CDBG	222,266	313,695	401,200	477,334	501,600	24,266	5.1%
217	AFFORDABLE HOUSING FUND	0	0	288,900	288,900	395,000	106,100	36.7%
225	ZERO INTEREST LOAN FUND	0	0	321,800	321,800	78,000	(243,800)	(75.8%)
227	FOREIGN FIRE INSURANCE TAX	134,887	135,844	131,900	132,500	132,500	0	0.0%
231	CRIMINAL INVESTIGATIONS	329,190	483,663	178,000	103,700	103,700	0	0.0%
235	MUNICIPAL PARKING	1,250,781	2,251,902	1,256,400	1,336,000	1,293,500	(42,500)	(3.2%)
261	TIF III	350,396	0	0	0	0	0	N/A
263	TIF IV	518,139	608,253	591,300	591,300	591,300	0	0.0%
264	TIF V	60,344	753,103	746,200	746,200	746,200	0	0.0%
266	HICKORY/KENSINGTON TIF	456,004	613,509	568,500	568,500	568,500	0	0.0%
271	TIF TAX RESERVE	150,000	0	0	0	0	0	N/A
301	DEBT SERVICE	7,073,410	7,900,998	17,407,863	17,415,163	7,713,350	(9,701,813)	(55.7%)
401	CAPITAL PROJECTS	10,837,441	8,062,168	8,373,000	8,383,900	7,884,000	(499,900)	(6.0%)
426	STORM WATER CONTROL	4,169,081	11,845,786	1,689,400	3,489,400	3,979,400	490,000	14.0%
431	PUBLIC BUILDING	256,242	270,840	8,900	0	0	0	N/A
435	EMERALD ASH BORER (EAB)	18,547	0	0	0	0	0	N/A
505	WATER & SEWER	18,873,499	19,487,806	20,454,300	20,948,500	30,043,200	9,094,700	43.4%
511	SOLID WASTE DISPOSAL	1,976,062	1,958,862	1,973,800	1,960,000	1,960,000	0	0.0%
515	ARTS, ENTERTAINMENT & EVENTS	786,785	850,654	970,400	981,659	894,100	(87,559)	(8.9%)
605	HEALTH INSURANCE	13,158,954	12,067,478	13,642,800	13,632,100	12,657,200	(974,900)	(7.2%)
611	GENERAL LIABILITY INSURANCE	841,559	696,701	873,900	849,500	867,400	17,900	2.1%
615	WORKERS' COMPENSATION	2,187,657	1,859,784	2,339,700	2,153,700	2,196,000	42,300	2.0%
621	FLEET OPERATIONS	3,818,393	4,126,580	3,955,600	3,898,200	3,747,700	(150,500)	(3.9%)
625	TECHNOLOGY	1,703,788	1,712,934	1,711,800	1,700,600	1,890,600	190,000	11.2%
705	POLICE PENSION	22,586,247	863,954	22,775,000	9,050,000	9,669,000	619,000	6.8%
711	FIRE PENSION	18,830,151	3,968,718	16,913,000	9,763,000	10,000,000	237,000	2.4%
TOTAL REVENUES		183,805,287	158,693,914	197,054,563	176,847,756	178,852,750	2,004,994	1.1%

FUND	EXPENDITURES	2017 Actual	2018 Actual	2019 Est. Actual	2019 Budget	2020 Budget	\$ Change	% Change
101	GENERAL	71,957,645	75,869,463	76,363,300	76,834,646	78,436,500	1,601,854	2.1%
211	MOTOR FUEL TAX	1,535,367	1,978,399	1,910,400	1,910,400	2,512,100	601,700	31.5%
215	CDBG	222,266	313,695	401,200	477,334	501,600	24,266	5.1%
217	AFFORDABLE HOUSING FUND	0	0	0	0	25,000	25,000	N/A
225	ZERO INTEREST LOAN FUND	0	0	144,000	144,000	150,000	6,000	4.2%
227	FOREIGN FIRE INSURANCE TAX	151,946	122,596	290,000	290,000	250,000	(40,000)	(13.8%)
231	CRIMINAL INVESTIGATIONS	247,268	608,315	549,500	306,605	303,300	(3,305)	(1.1%)
235	MUNICIPAL PARKING	1,957,803	1,426,172	2,164,200	2,159,577	1,588,400	(571,177)	(26.4%)
251	TIF I SOUTH	131,701	0	0	0	0	0	N/A
261	TIF III	1,736,316	0	0	0	0	0	N/A
263	TIF IV	85,835	93,052	61,000	1,002,453	1,010,000	7,547	0.8%
264	TIF V	14,310	2,587	23,400	388,540	347,000	(41,540)	(10.7%)
266	HICKORY/KENSINGTON TIF	24,975	32,060	737,000	1,586,838	890,000	(696,838)	(43.9%)
301	DEBT SERVICE	7,089,718	7,172,000	17,293,300	17,293,500	7,671,400	(9,622,100)	(55.6%)
401	CAPITAL PROJECTS	7,479,915	7,089,737	11,959,300	12,118,889	9,183,500	(2,935,389)	(24.2%)
426	STORM WATER CONTROL	1,624,924	2,324,962	10,425,981	10,425,981	7,325,300	(3,100,681)	(29.7%)
431	PUBLIC BUILDING	8,787,497	23,855,550	1,711,600	4,068,798	560,000	(3,508,798)	(86.2%)
435	EMERALD ASH BORER (EAB)	6,125,017	0	0	0	0	0	N/A
505	WATER & SEWER	18,094,765	17,596,685	22,490,400	22,839,094	23,760,000	920,906	4.0%
511	SOLID WASTE DISPOSAL	1,783,229	1,968,304	2,050,000	1,998,500	1,914,000	(84,500)	(4.2%)
515	ARTS, ENTERTAINMENT & EVENTS	808,089	752,234	974,100	984,563	880,200	(104,363)	(10.6%)
605	HEALTH INSURANCE	13,070,188	14,967,184	13,028,800	14,372,300	12,898,400	(1,473,900)	(10.3%)
611	GENERAL LIABILITY INSURANCE	729,491	413,275	583,000	842,000	858,000	16,000	1.9%
615	WORKERS' COMPENSATION	2,461,429	2,193,701	2,666,500	2,594,900	2,758,400	163,500	6.3%
621	FLEET OPERATIONS	4,072,423	3,382,028	5,983,400	6,048,093	3,943,800	(2,104,293)	(34.8%)
625	TECHNOLOGY	1,458,123	1,522,499	1,746,300	1,920,600	2,490,600	570,000	29.7%
705	POLICE PENSION	6,992,009	7,534,845	8,601,200	7,993,900	8,962,700	968,800	12.1%
711	FIRE PENSION	6,813,676	7,073,466	7,557,600	7,581,000	7,964,000	383,000	5.1%
TOTAL EXPENDITURES		165,455,925	178,292,809	189,715,481	196,182,511	177,184,200	(18,998,311)	(9.7%)

VILLAGE OF ARLINGTON HEIGHTS

FUND BALANCE SUMMARY 2020

Fund	Fund Name	1/01/20 Projected Beginning Fund Balance (Deficit)	2020 Revenues & Transfers In	2020 Expenditures & Transfers Out	2020 Revenues Over (Under) Expenditures	12/31/20 Estimated Ending Fund Balance (Deficit)
101	General	\$30,359,702	\$78,436,500	\$78,436,500	\$0	\$30,359,702
211	Motor Fuel Tax	2,302,344	2,504,000	2,512,100	(8,100)	2,294,244
215	CDBG	0	501,600	501,600	0	0
217	Affordable Housing	288,900	395,000	25,000	370,000	658,900
225	Zero Interest Loan	177,800	78,000	150,000	(72,000)	105,800
227	Foreign Fire Insurance Tax	283,689	132,500	250,000	(117,500)	166,189
231	Criminal Investigations	1,644,678	103,700	303,300	(199,600)	1,445,078
235	Municipal Parking	3,807,185	1,293,500	1,588,400	(294,900)	3,512,285
263	TIF IV	2,751,717	591,300	1,010,000	(418,700)	2,333,017
264	TIF V	2,127,152	746,200	347,000	399,200	2,526,352
266	Hickory/Kensington TIF	987,280	568,500	890,000	(321,500)	665,780
271	TIF Tax Reserve	150,000	0	0	0	150,000
301	Debt Service	2,311,590	7,713,350	7,671,400	41,950	2,353,540
401	Capital Projects	7,108,795	7,884,000	9,183,500	(1,299,500)	5,809,295
426	Storm Water Control	6,151,325	3,979,400	7,325,300	(3,345,900)	2,805,425
431	Public Building	2,000,851	0	560,000	(560,000)	1,440,851
505	Water & Sewer	2,582,624	30,043,200	23,760,000	6,283,200	8,865,824
511	Solid Waste Disposal	3,842,600	1,960,000	1,914,000	46,000	3,888,600
515	Arts, Entertainment & Events	44,192	894,100	880,200	13,900	58,092
605	Health Insurance	3,978,170	12,657,200	12,898,400	(241,200)	3,736,970
611	General Liability Insurance	3,559,970	867,400	858,000	9,400	3,569,370
615	Workers' Compensation Insurance	3,986,075	2,196,000	2,758,400	(562,400)	3,423,675
621	Fleet Operations	5,303,607	3,747,700	3,943,800	(196,100)	5,107,507
625	Technology	2,421,643	1,890,600	2,490,600	(600,000)	1,821,643
705	Police Pension	137,940,163	9,669,000	8,962,700	706,300	138,646,463
711	Fire Pension	116,085,346	10,000,000	7,964,000	2,036,000	118,121,346
TOTAL ALL VILLAGE FUNDS		\$342,197,398	\$178,852,750	\$177,184,200	\$1,668,550	\$343,865,948

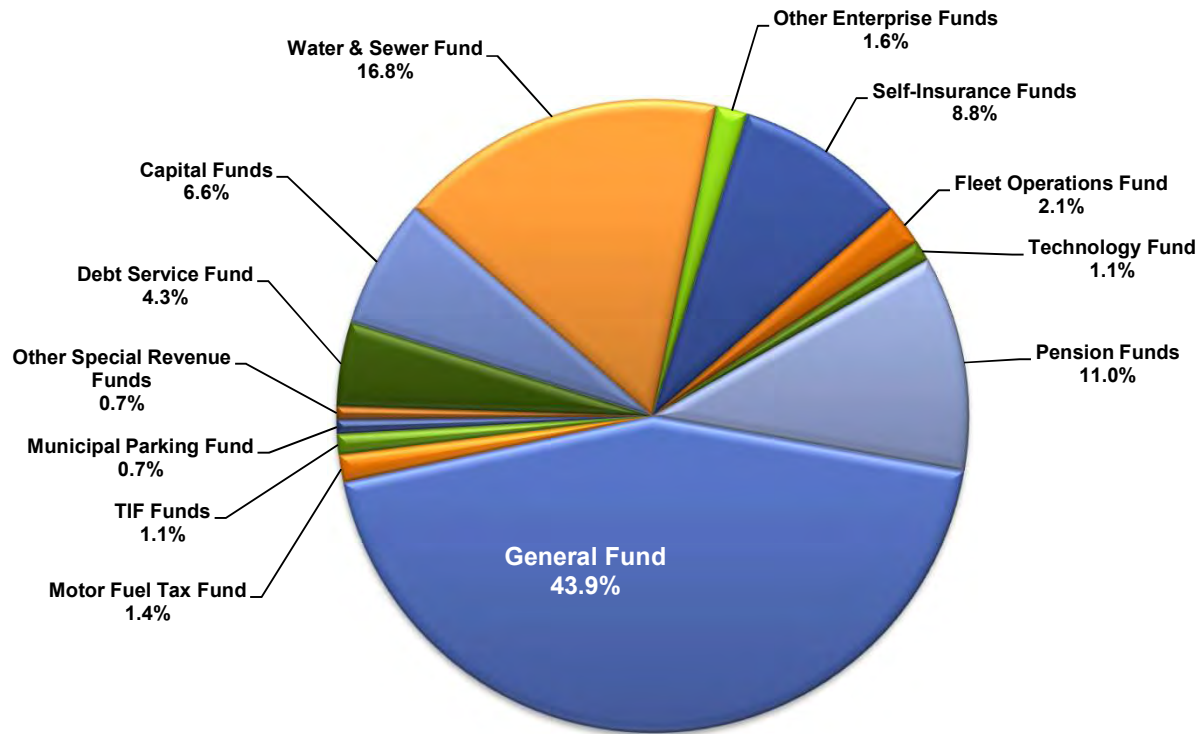
1. The General Fund shows a balanced 2020 budget. The current financial condition of the fund is healthy as it continues to maintain a fund balance over 25% of annual expenditures.
2. The Motor Fuel Tax Fund shows a small planned operating deficit to complete various road improvements throughout the Village.
3. Affordable Housing Fund accounts for cash payments received in lieu of constructing affordable housing. These funds will be used to create and preserve permanent attainable housing.
4. Zero Interest Loan Fund is designed to provide financial assistance to prospective and existing businesses within the Village of Arlington Heights. The program is intended to assist companies' growth within the Village.
5. Foreign Fire Insurance Tax Fund - Insurance companies that do not maintain offices within the State but market fire insurance policies within the State pay an additional tax of 2% to the municipality where the policy is written. These funds are used for the betterment of the fire services and are controlled by a separate Board of Directors including the Fire Chief and firefighters per State Statute. Prior year revenues are being expensed this year, creating the operating deficit.
6. Criminal Investigations Fund - Assets seized under State and Federal statutes are accounted for in this fund and used for the advancement of law enforcement. These funds are not budgeted for day-to-day Police Department operations but are generally one time capital expenditures of current and prior year revenues.
7. Municipal Parking Fund - Primarily, commuter parking for train travel to and from Chicago is provided for in this fund. With Downtown redevelopment, resident parking for large apartment complexes and off-street shopper parking was included. Substantial fund balance is maintained for future parking garage maintenance and repairs, which will provide a service life of 40 to 50 years for the four parking structures.

FUND BALANCE SUMMARY 2020

8. TIF IV shows a deficit as planned improvement projects are expected to outpace current year revenue.
9. TIF V shows a surplus as reserves accumulate for future improvements.
10. Hickory/Kensington TIF shows a deficit as planned improvement projects are expected to outpace current year revenue.
11. TIF Tax Reserve Fund – This fund accounts for possible future litigation and possible refunds in TIF III that closed in 2017.
12. The Debt Service Fund accounts for all debt service payments from general obligation bond issuances except those in the Storm Water Control Fund.
13. The Capital Projects Fund shows a deficit in operations primarily as a result of current year costs outpacing current year revenues dedicated to this fund.
14. The Storm Water Control Fund has a planned deficit as scheduled programs improving the Village's storm water infrastructure drawdown funds from a general obligation bond issued in 2018.
15. The Public Building Fund provided for the construction of the new Police Facility and contingency reserves.
16. The Water & Sewer Fund shows a planned surplus due to an anticipated bond issuance to allow the Village to increase the amount of planned projects on its watermain replacement program. The planned service rate increase for 2020 is 8.5%.
17. 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.
18. 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 25% of the Village's 1.25% Food & Beverage Tax on prepared food.
19. 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.
20. 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.
21. The Workers' Compensation Insurance Fund claims are handled the same as General Liability claims noted above.
22. 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.
23. The Technology Fund provides for the operation of the Village's computer network infrastructure and equipment replacement. Service charges to departments are used to fund these operations. The operating deficit is the result of the beginning of a project to replace the Village's Enterprise Resource Planning software.
24. 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 78.8% and 73.8% respectively. Per current State Statute, 90% funding must be reached by 2040.

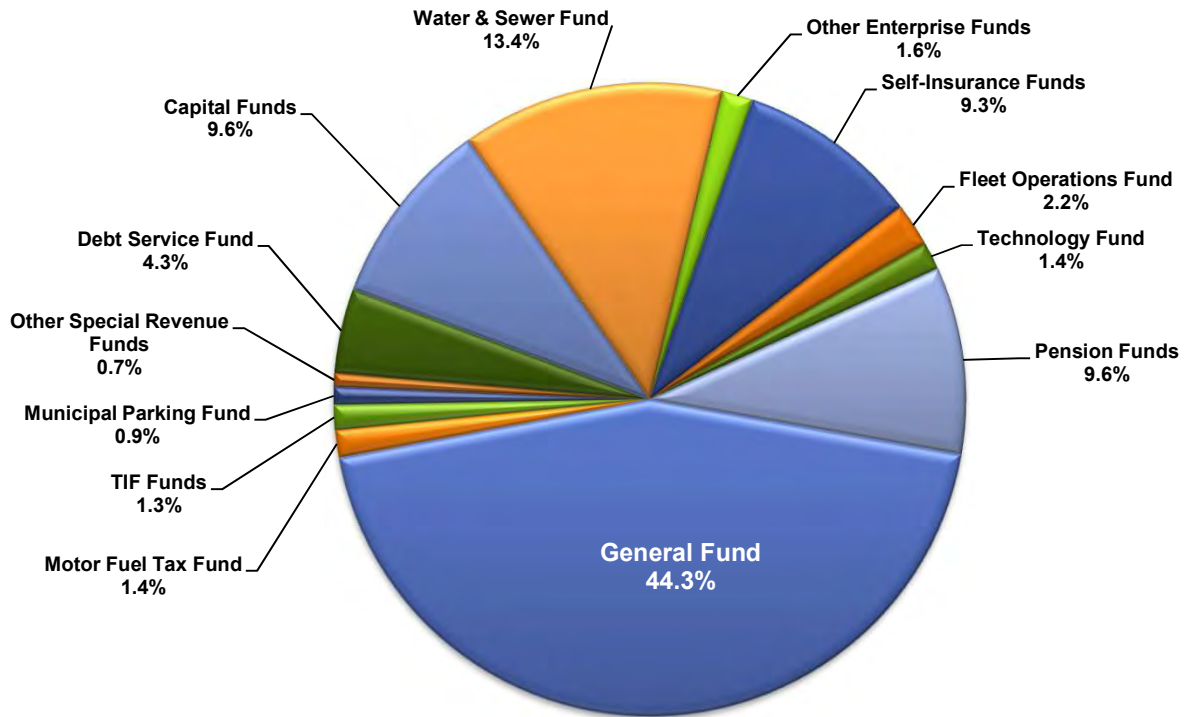
ALL FUNDS REVENUES

2020 Budget



ALL FUNDS EXPENDITURES

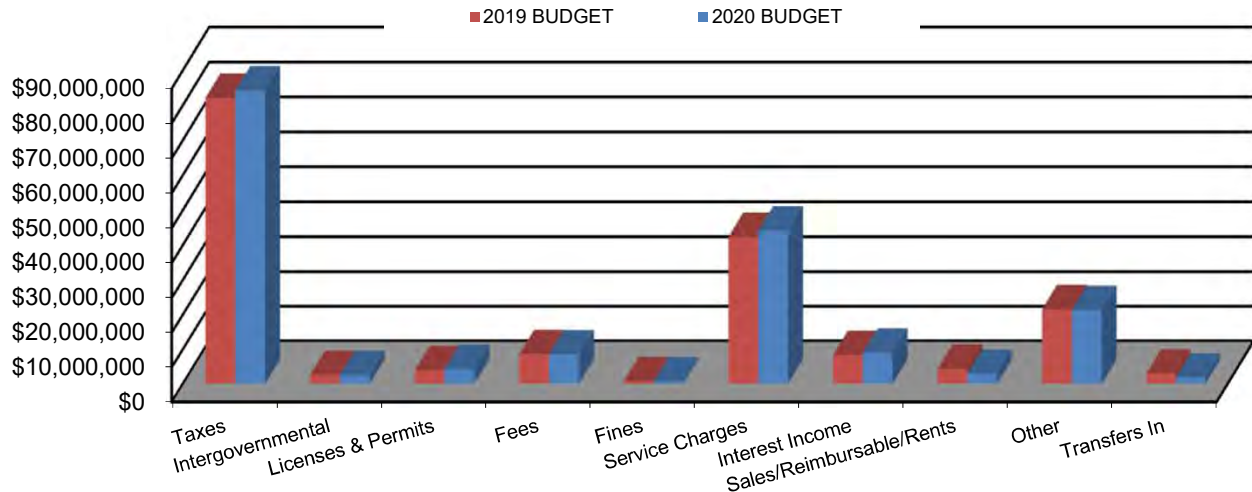
2020 Budget



WHERE THE MONEY COMES FROM

ALL FUNDS REVENUES

2019 Budget vs. 2020 Budget



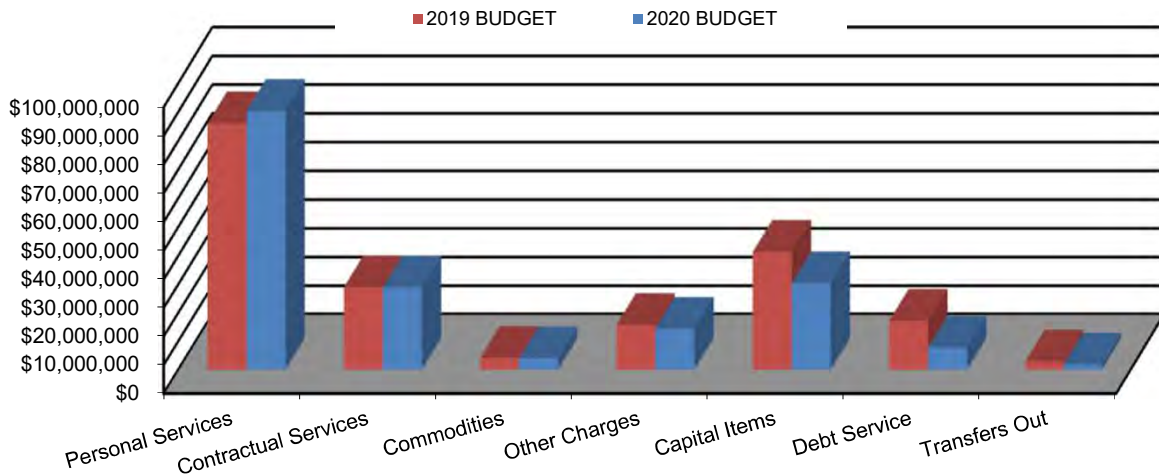
	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Taxes	76,732,152	80,742,551	82,016,463	84,106,150	2.5%
Intergovernmental	1,257,846	552,903	2,475,134	2,451,800	(0.9%)
Licenses & Permits	4,033,890	4,314,641	3,833,500	4,262,500	11.2%
Fees	7,506,191	8,457,306	8,519,400	8,474,400	(0.5%)
Fines	684,224	639,367	696,100	661,100	(5.0%)
Service Charges	36,953,910	39,003,305	42,200,100	44,013,200	4.3%
Interest Income	31,223,796	(7,412,028)	8,243,400	8,965,300	8.8%
Sales/Reimbursable/Rents	3,114,355	3,758,875	4,306,300	2,869,700	(33.4%)
Other	13,100,551	26,905,983	21,486,900	21,254,500	(1.1%)
	174,606,915	156,962,903	173,777,297	177,058,650	1.9%
Reserves	0	0	125,859	61,000	(51.5%)
Transfers In	9,198,372	1,731,011	2,944,600	1,733,100	(41.1%)
Total Revenues	183,805,287	158,693,914	176,847,756	178,852,750	1.1%

NOTE: **Licenses & Permits** revenues increased from the Village's enhanced vehicle sticker enforcement program. **Fines** decreased primarily from the reduction of Parking and Other Fines received compared to prior year. **Interest Income** has been increased to match actual earnings. Interest Income continues to be much lower than the historical average. **Sales/Reimbursable/Rent** decreased mainly from the decrease in health insurance charges from the retiree carve out plan for Medicare eligible retirees. **Reserves** decreased as a result of a reduction in the number of projects for Metropolis.

WHERE THE MONEY GOES

ALL FUNDS EXPENDITURES

2019 Budget vs. 2020 Budget



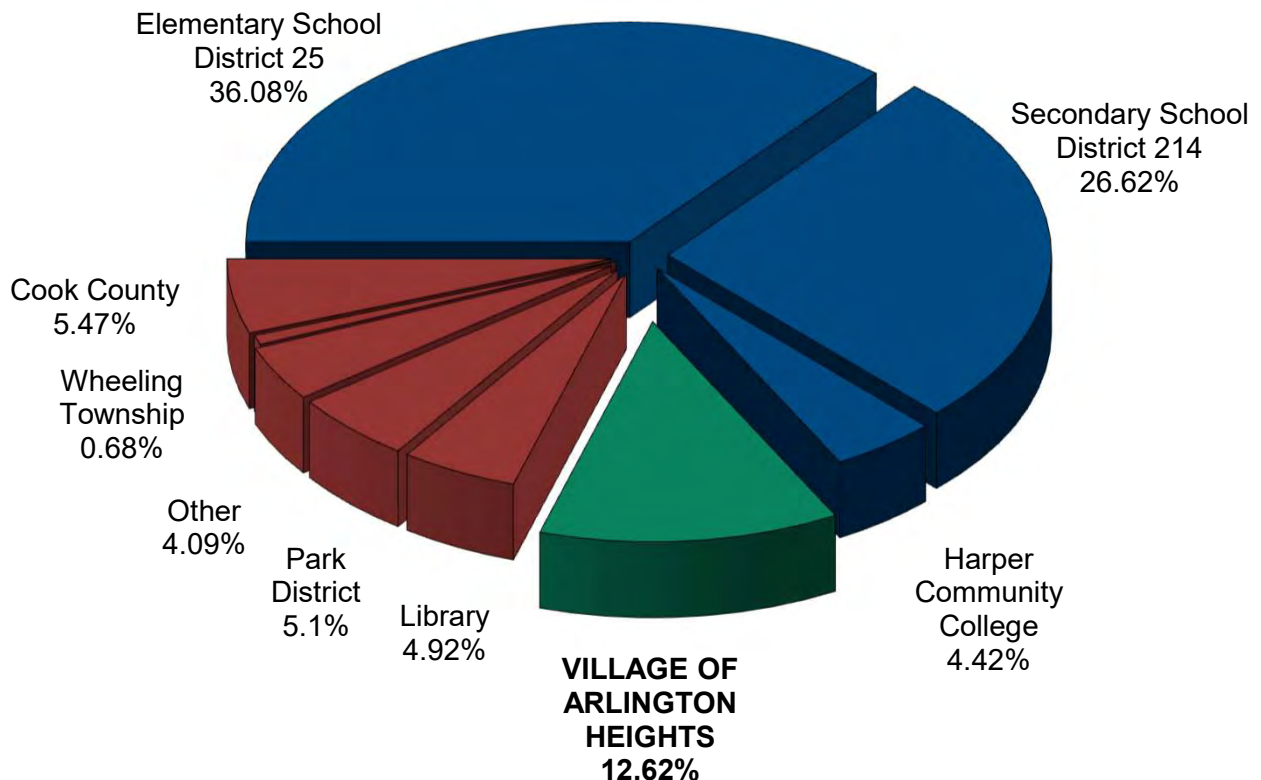
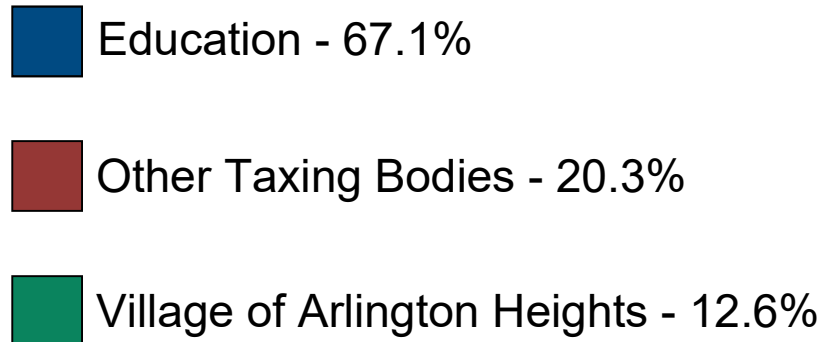
	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Personal Services	78,841,776	84,631,473	85,969,900	90,267,200	5.0%
Contractual Services	26,207,788	26,701,019	28,949,495	28,836,200	(0.4%)
Commodities	3,145,100	3,392,289	4,116,091	3,974,300	(3.4%)
Other Charges	15,998,972	15,924,116	15,730,201	14,338,300	(8.8%)
Capital Items	25,274,199	38,740,901	41,289,024	30,363,700	(26.5%)
Debt Service	7,089,718	7,172,000	17,183,200	7,671,400	(55.4%)
	156,557,553	176,561,798	193,237,911	175,451,100	(9.2%)
Transfers Out	8,898,372	1,731,011	2,944,600	1,733,100	(41.1%)
Total Expenditures	165,455,925	178,292,809	196,182,511	177,184,200	(9.7%)

NOTE: **Personal Services** increased due to wage, health insurance, and IMRF adjustments. **Other Charges** decreased mainly from insurance claims being reduced from the retiree carve out plan for Medicare eligible retirees. **Capital Items** decreased due to the completion in 2019 of some larger street and Storm Water Control projects, and higher 2019 vehicle replacement costs. **Debt Service** decreased due to the payment to the escrow agent for the 2011 G. O. Bond refunding in 2019. **Transfers Out** decreased due to the completion of a transfer from the Public Building Fund to the Capital Projects Fund, and the elimination of a transfer from the Health Insurance Fund to the now closed Retiree Health Insurance Fund.

Arlington Heights

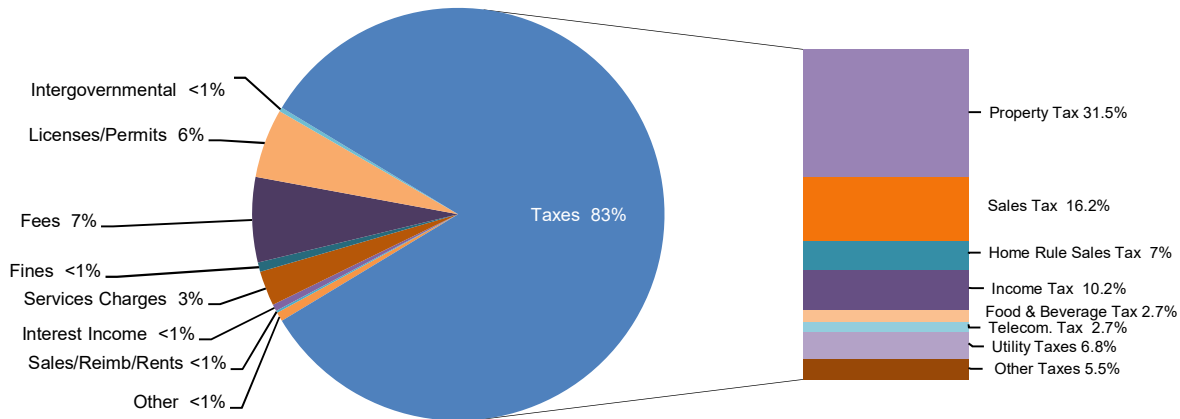
2018 PROPERTY TAX BILL

(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 12.6% OF THE ENTIRE PROPERTY TAX BILL.

WHERE THE MONEY COMES FROM GENERAL FUND REVENUES 2020



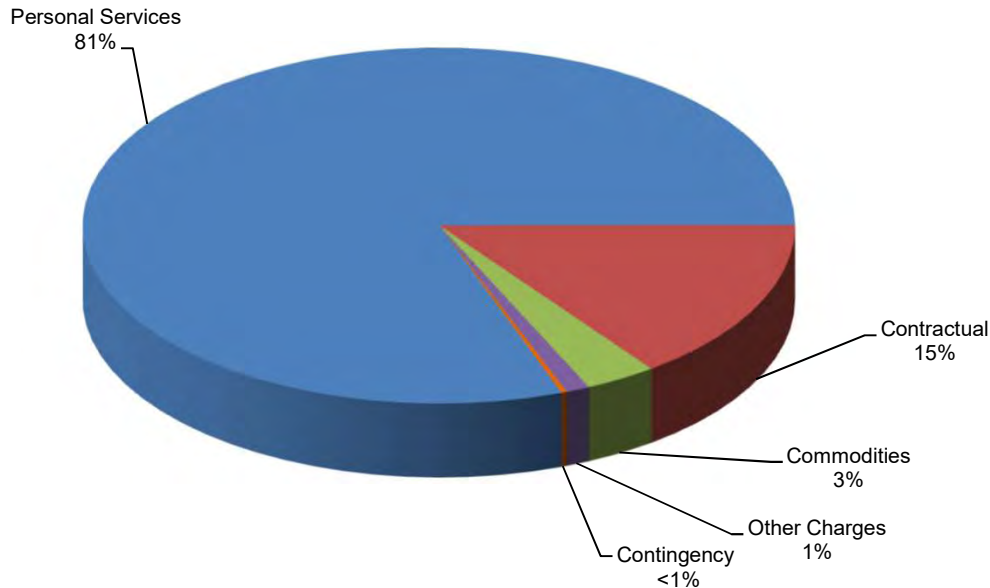
	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Taxes	59,070,056	62,247,827	63,338,400	64,883,400	2.4%
Intergovernmental	182,041	273,471	247,800	243,000	(1.9%)
Licenses & Permits	4,033,890	4,314,641	3,833,500	4,262,500	11.2%
Fees	4,330,746	5,143,499	5,251,000	5,226,800	(0.5%)
Fines	567,975	535,678	586,100	571,100	(2.6%)
Service Charges	2,069,096	2,057,768	2,086,600	2,145,700	2.8%
Interest Income	211,148	474,476	150,000	411,000	174.0%
Sales/Reimb/Rents	151,302	127,393	138,500	143,000	3.2%
Other	379,855	552,697	319,900	350,000	9.4%
Other Financing	300,955	200,000	200,000	200,000	0.0%
Total Revenue	71,297,064	75,927,450	76,151,800	78,436,500	3.0%

NOTE: **Taxes** increased due to higher income tax and use tax receipts. **Licenses & Permits** revenues increased from the Village's enhanced vehicle sticker enforcement program. **Interest Income** has been increased to match actual earnings. **Other** increased over the prior year mainly from the revenue for the Hearts of Gold going into the General Fund from the Arts, Entertainment & Events Fund.

WHERE THE MONEY GOES

GENERAL FUND EXPENDITURES

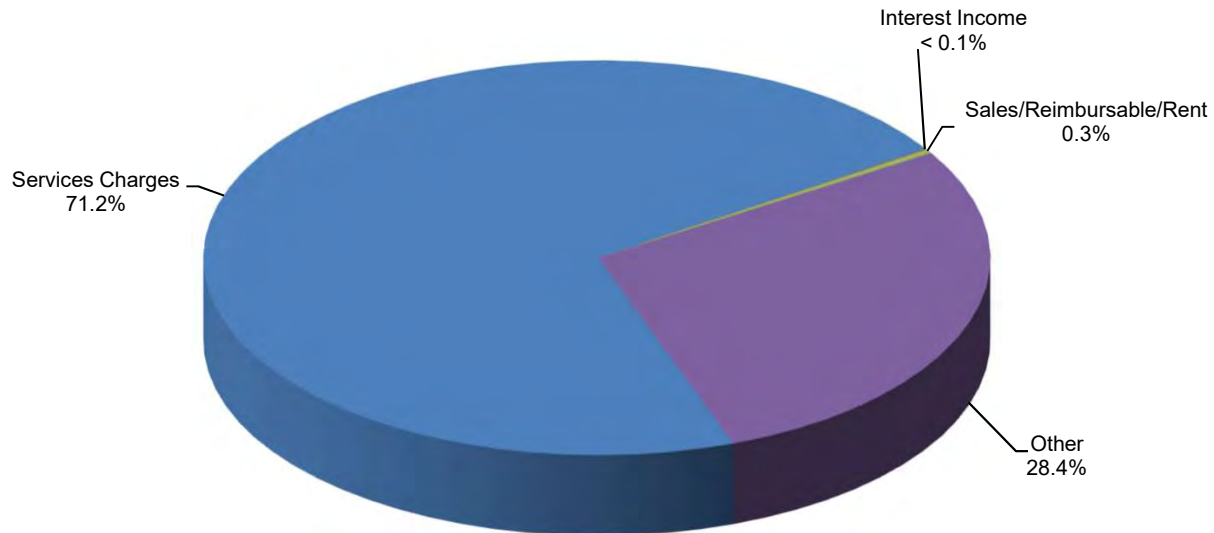
2020



	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Personal Services	56,375,654	61,119,457	60,818,100	63,148,800	3.8%
Contractual Services	10,712,642	11,144,878	11,853,887	11,710,200	(1.2%)
Commodities	2,014,439	2,182,503	2,677,648	2,538,500	(5.2%)
Other Charges	854,910	927,613	812,811	839,000	3.2%
Contingency	0	0	219,500	200,000	(8.9%)
Transfers Out	2,000,000	495,012	452,700	0	(100.0%)
Total Expenditures	71,957,645	75,869,463	76,834,646	78,436,500	2.1%

NOTE: **Personal Services** increased due to wage, health insurance, and IMRF adjustments. **Contingency** is budgeted each year but if used, is classified as an expenditure type. If not used it becomes part of available reserves. As of the date of this writing, the year ending December 31, 2019 budget shows that there is \$219,500 remaining of the \$300,000 contingency budget. **Transfers Out** decreased due to one time transfers from the Assigned General Fund Balance to the Affordable Housing Fund and the Zero Interest Loan Fund; and the elimination of a transfer from the General Fund to the Arts, Entertainment & Events Fund.

WHERE THE MONEY COMES FROM WATER & SEWER FUND REVENUES 2020



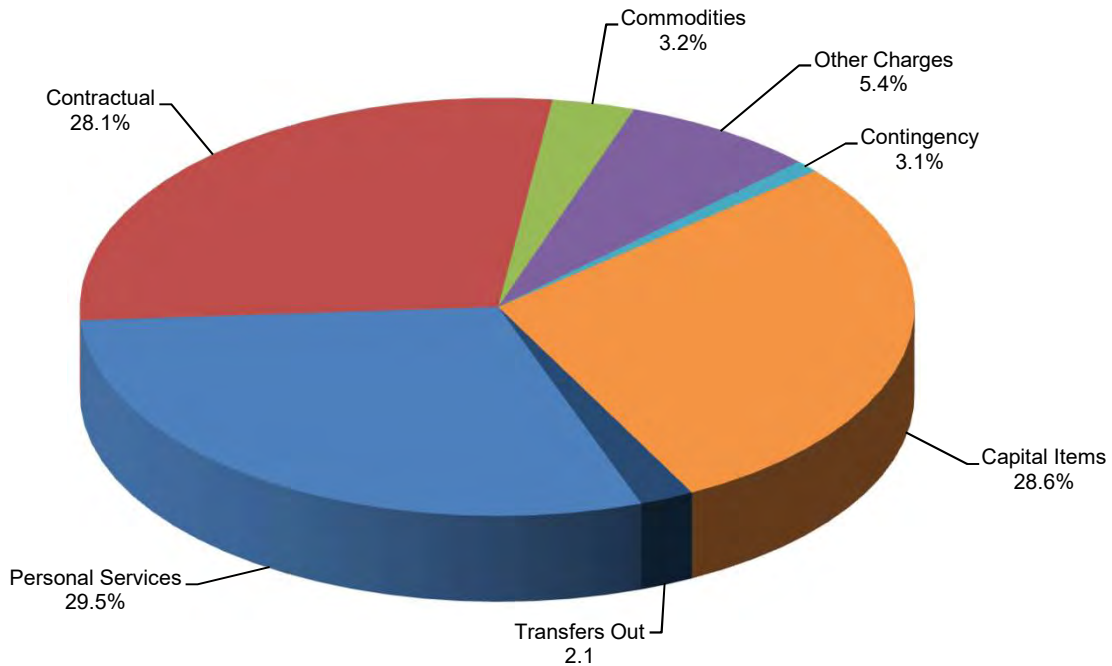
	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Services Charges	17,749,494	18,199,275	20,340,000	21,405,200	5.2%
Interest Income	8,931	22,924	6,500	20,000	207.7%
Sales/Reimbursable/Rent	104,740	118,586	87,000	98,000	12.6%
Other	1,010,334	1,147,021	15,000	8,520,000	56700.0%
Transfers In	0	0	500,000	0	100.0%
Total Revenues	18,873,499	19,487,806	20,948,500	30,043,200	43.4%

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 8.5% previously approved is effective as of January 1, 2020. **Interest Income** has been increased to match actual earnings. **Sales/Reimbursable/Rent** increased from water meter sales. **Other** increased from an anticipated bond issuance for watermain replacements. **Transfers In** was decreased due to the transfer from the Storm Water Control Fund in the prior year.

WHERE THE MONEY GOES

WATER & SEWER FUND EXPENDITURES

2020



	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Personal Services	6,073,505	6,319,648	6,650,500	7,014,800	5.5%
Contractual	5,715,480	6,128,213	6,472,480	6,679,700	3.2%
Commodities	629,411	601,835	754,500	759,500	0.7%
Other Charges	1,735,972	1,786,592	1,731,900	1,783,400	3.0%
Contingency	0	0	293,800	225,000	(23.4%)
Capital Items	3,940,397	2,760,397	6,935,914	6,797,600	(2.0%)
Transfers Out	0	0	0	500,000	N/A
Total Expenditures	18,094,765	17,596,685	22,839,094	23,760,000	4.0%

NOTES: **Personal Services** increased due to wage, health insurance, and IMRF adjustments. **Contingency** is budgeted each year, but if used, is classified as an expenditure type. If not used it becomes part of available reserves. As of the date of this writing, the year ending December 31, 2019 budget shows that \$293,800 of the \$300,000 contingency budget remains. **Transfers Out** increased as the Water & Sewer Fund pays back the prior year \$500,000 transfer in from the Storm Water Control Fund.

VILLAGE OF ARLINGTON

EMPLOYEE CENSUS

Ten Year Analysis

		8 Mon. Per.									
		Ending									
		Dec. 2015									
DEPARTMENT		FY2012	FY2013	FY2014	FY2015	2016	2017	2018	2019	2020	
Integrated Services	Full-Time	6.00	6.00	6.00	5.00	11.00	11.00	11.00	10.00	10.00	11.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Human Resources	Full-Time	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	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	18.00	18.00	18.00	17.00	17.00	16.00	16.00
	Part-Time	1.00	1.00	1.00	0.00	0.00	1.00	1.00	2.00	2.00	2.00
IT/GIS	Full-Time	6.00	6.00	6.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	Full-Time	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00
	Part-Time	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police Grant	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	Full-Time	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
	Part-Time	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Planning & Comm Devlp	Full-Time	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Services	Full-Time	15.00	14.50	14.50	16.50	16.50	16.50	17.00	17.00	17.00	18.00
	Part-Time	3.00	3.00	3.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00
Health Services	Full-Time	9.00	9.50	9.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Senior Services	Full-Time	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
	Part-Time	6.00	5.00	5.00	5.00	3.00	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	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works	Full-Time	42.00	42.00	42.00	42.00	42.00	42.00	41.00	51.00	51.00	51.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Utility Operations	Full-Time	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
	Part-Time	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Services	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	Full-Time	417.00	417.00	417.00	419.00	420.00	420.00	418.00	417.00	419.00	419.00
	Part-Time	20.00	20.00	20.00	16.00	14.00	14.00	16.00	17.00	18.00	17.00
TOTAL EMPLOYEES		437.00	437.00	437.00	435.00	434.00	436.00	435.00	435.00	436.00	436.00
INCREASE (DECREASE)		(6.00)	0.00	0.00	(2.00)	(1.00)	2.00	(1.00)	0.00	1.00	1.00
FULL-TIME EQUIVALENTS (FTE)		427.00	427.25	427.25	427.25	427.25	428.25	426.75	426.25	427.75	427.75
INCREASE (DECREASE)		(7.50)	0.25	0.00	0.00	0.00	1.00	(1.50)	(0.50)	1.50	1.50

(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 2020**

OPERATION	STAFFING			EXPENDITURES			
	2019 Budget	2020 Budget	Inc (Dec)	2019 Budget	2020 Budget	\$ Inc (Dec)	% Inc (Dec)
Board of Trustees	0.00	0.00		\$180,400	\$179,300	(\$1,100)	(0.6%)
Integrated Services	10.50	11.50	1.00	3,107,700	3,673,300	565,600	18.2%
Human Resources	4.00	4.00		17,370,700	16,080,900	(1,289,800)	(7.4%)
Legal	2.75	2.75		784,000	784,500	500	0.1%
Finance	17.00	17.00		3,646,700	3,727,200	80,500	2.2%
Boards & Commissions	0.00	0.00		232,704	256,500	23,796	10.2%
Metropolis Theater	0.00	0.00		447,059	369,000	(78,059)	(17.5%)
Police/Police Grant	139.00	139.00		27,452,182	28,084,600	632,418	2.3%
Fire	110.00	110.00		23,505,274	24,115,500	610,226	2.6%
Planning & Community Development	10.00	10.00		5,695,326	4,836,800	(858,526)	(15.1%)
Building Services	17.50	18.00	0.50	2,679,495	2,794,700	115,205	4.3%
Health & Human Services	13.00	13.00		2,331,737	2,408,800	77,063	3.3%
Public Works	51.25	51.25		37,611,828	32,731,000	(4,880,828)	(13.0%)
Criminal Investigations	0.00	0.00		306,605	303,300	(3,305)	(1.1%)
Foreign Fire Insurance Tax	0.00	0.00		290,000	250,000	(40,000)	(13.8%)
Comm Development Block Grant Progr	0.00	0.00		409,334	441,100	31,766	7.8%
Water Utility Operations	40.75	40.75		16,107,724	15,746,900	(360,824)	(2.2%)
Parking Operations	0.00	0.00		674,300	672,800	(1,500)	(0.2%)
Solid Waste Disposal	0.00	0.00		1,498,500	1,407,700	(90,800)	(6.1%)
Municipal Fleet Services	10.50	10.50		2,376,035	2,418,800	42,765	1.8%
Pensions	0.00	0.00		15,574,900	16,926,700	1,351,800	8.7%
Capital Projects - Water/Sewer	0.00	0.00		5,351,170	6,200,000	848,830	15.9%
Capital Projects - Equipment	0.00	0.00		3,732,893	1,572,500	(2,160,393)	(57.9%)
Capital Projects - Public Buildings	0.00	0.00		3,268,798	500,000	(2,768,798)	(84.7%)
Debt Service	0.00	0.00		17,293,500	7,671,400	(9,622,100)	(55.6%)
Sub-Total	426.25	427.75	1.50	\$191,928,864	\$174,153,300	(\$17,775,564)	(9.3%)
Non-Operating & Transfers Out	N/A	N/A	N/A	4,253,647	3,030,900	(1,222,747)	(28.7%)
TOTAL	426.25	427.75	1.50	\$196,182,511	\$177,184,200	(\$18,998,311)	(9.7%)

VILLAGE OF ARLINGTON HEIGHTS

INTERFUND TRANSFERS 2020

FUND	IN	OUT	PURPOSE
101 General (Corporate) Fund	200,000		SWANCC (from Fund 511)
	<u>\$200,000</u>	<u>\$0</u>	
215 CDBG Fund	\$42,800		from CPF for Road Work Completed (from Fund 401)
	<u>\$42,800</u>	<u>\$0</u>	
301 Debt Service Fund	690,300		Storm Water Control (from 426)
	<u>\$690,300</u>	<u>\$0</u>	
401 Capital Projects Fund	300,000		SWANCC (from Fund 511)
		42,800	to CDBG for Road Work Completed (to Fund 215)
	<u>\$300,000</u>	<u>\$42,800</u>	
426 Storm Water Control Fund		690,300	Debt Service for GO Bond (to Fund 301)
	500,000		Repayment from Water & Sewer for Loan (from Fund 505)
	<u>\$500,000</u>	<u>\$690,300</u>	
505 Water & Sewer Fund		500,000	Repayment to Storm Water for Loan (to Fund 426)
	<u>\$0</u>	<u>\$500,000</u>	
511 SWANCC		200,000	General Fund (to Fund 101)
		300,000	Capital Projects (to Fund 401)
	<u>\$0</u>	<u>\$500,000</u>	
TOTAL	<u>\$1,733,100</u>	<u>\$1,733,100</u>	

VILLAGE OF ARLINGTON HEIGHTS

CAPITAL IMPROVEMENT PROGRAM SUMMARY

The Village of Arlington Heights prepares annually a Capital Improvement Program (CIP) for the five-year period beginning with the next fiscal year. The CIP is a planning document which is reviewed by the Village Board and is prepared by the Village Manager and Finance Director with the assistance of all Department Heads. Included are capital expenditures projected to cost in excess of \$10,000 and have an expected lifetime of one or more years. The CIP is subject to further review and approval by the Village Board during the final budget process, based on available resources and expenditure requirements of the operations budget. What follows is a summary of all CIP expenditures and projects included in the 2020 budget.

CAPITAL SPENDING

Building & Land	\$ 2,886,500
Equipment	2,079,600
Signals	112,100
Storm Water Control	6,635,000
Streets	10,862,100
Sewer	425,000
Vehicles	1,572,500
Water	<u>5,775,000</u>
TOTAL	<u><u>\$ 30,347,800</u></u>

CAPITAL FUNDING

Capital Projects Fund	\$ 8,940,700
Motor Fuel Tax Fund	2,512,100
Storm Water Control Fund	6,635,000
Water & Sewer Fund	6,797,600
Municipal Parking Operations Fund	263,000
TIF Funds	2,042,000
Public Buildings Fund	560,000
Arts, Entertainment & Events Fund	99,000
Fleet Operations Fund	1,572,500
Technology Fund	841,800
Criminal Investigation Fund	<u>84,100</u>
TOTAL	<u><u>\$ 30,347,800</u></u>

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

			2019	2019	2020	2021	2022	2023	2024
CAPITAL SPENDING	FUND	PROJ #	EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Building & Land									
Overhead Door Replacement/Repair	Cap Proj	BL-90-04	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Overhead Door Replacement/Repair	Water	BL-90-04	0	0	10,000	10,000	10,000	10,000	10,000
Public Works Annex Improvements	Cap Proj	BL-93-02	10,000	10,000	10,000	10,000	24,000	10,000	10,000
Public Works Annex Improvements	Water	BL-93-02	20,000	20,000	20,000	20,000	19,000	19,000	19,000
Building Equipment Replacement	Cap Proj	BL-95-04	68,000	68,000	41,300	30,000	27,900	77,500	30,000
Municipal Buildings Refurbishing	Cap Proj	BL-95-05	169,900	205,500	40,000	20,000	271,400	178,200	40,000
Municipal Buildings Refurbishing	Fleet	BL-95-05	0	0	0	53,000	0	0	0
Roof Maintenance Program	Cap Proj	BL-95-06	253,300	253,300	0	0	0	0	0
Roof Maintenance Program	Water	BL-95-06	0	161,200	197,800	600,000	500,000	175,000	0
Heating Plant/Air Conditioner Replacement	Cap Proj	BL-96-01	92,000	92,000	23,000	23,000	42,000	130,000	45,000
Ongoing Maintenance to Brick Exteriors	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	50,000	30,000	40,000	30,000	30,000	30,000	30,000
Historical Society Museum - Building Repairs	Cap Proj	BL-96-04	50,000	50,000	50,000	50,500	25,000	25,000	25,000
Parking Structure Maintenance/Repairs	Parking	BL-00-06	92,100	92,100	200,000	0	75,000	1,150,500	0
Other Building Costs	Pub Bld	BL-11-10	48,200	47,000	0	0	0	0	0
Police Station - Architect	Pub Bld	BL-16-01	124,000	124,000	0	0	0	0	0
TIF IV Redevelopment	TIF IV	BL-16-05	0	750,000	750,000	500,000	500,000	500,000	500,000
Police Station - Construction / CM Fees	Pub Bld	BL-16-10	12,700	2,549,300	0	0	0	0	0
Police Station - Contingency	Pub Bld	BL-16-20	440,300	500,000	500,000	0	0	0	0
Metropolis Theater Triangle Rooms & Halls Refurbish	A&E	BL-17-01	0	7,000	0	0	0	0	0
Metropolis Theater - Replace Flooring MPAC	A&E	BL-17-06	0	0	25,000	0	0	0	0
Hickory Kensington TIF District Redevelopment	TIF HK	BL-18-01	700,000	1,500,000	800,000	500,000	500,000	500,000	500,000
LED Village Hall Clock Tower Lighting	Cap Proj	BL-19-01	17,500	19,000	0	0	0	0	0
IRMA Compliance Upgrades	Water	BL-19-02	39,800	39,800	16,400	16,400	16,400	16,400	10,400
LED Parking Garage Lighting Conversions	Parking	BL-19-03	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Vail Garage Parking Guidance System	Parking	BL-19-05	491,000	491,000	0	0	0	0	0
Downtown Parking Signs	Parking	BL-19-06	165,300	165,300	0	0	0	0	0
Vail / North Garage Interior Signage	Parking	BL-19-07	22,300	22,300	0	0	0	0	0
Electric Vehicle Charging Stations, Vail	Cap Proj	BL-20-01	0	0	30,000	0	0	0	0
Senior Center Study	Pub Bld	BL-20-02	0	0	60,000	0	0	0	0
Sub-Total Building & Land			2,939,400	7,269,800	2,886,500	1,935,900	2,113,700	2,894,600	1,292,400
Equipment									
Operational Equipment - Public Works	Cap Proj	EQ-94-01	103,700	103,700	76,800	49,700	38,400	50,000	50,000
Operational Equipment - Public Works	Water	EQ-94-01	219,500	219,500	127,000	147,000	108,000	127,000	100,000
Operational Equipment - Police Department	Cap Proj	EQ-95-01	95,700	95,700	59,000	46,000	46,000	46,000	47,000
Operational Equipment - Police Department	Crim Inv	EQ-95-01	311,800	71,300	84,100	0	0	25,000	85,000
Operational Equipment - Fire Department	Cap Proj	EQ-95-02	483,600	483,600	235,000	81,000	112,000	101,000	100,000
Operational Equipment - Fire Department	FFIT	EQ-95-02	88,000	88,000	0	0	0	0	0
Office Equipment	Cap Proj	EQ-95-03	69,200	70,600	103,000	30,000	45,000	55,000	30,000
Office Equipment	Water	EQ-95-03	21,600	21,600	15,000	15,000	15,000	15,000	15,000
Operational Equipment - Municipal Fleet Services	Cap Proj	EQ-97-01	60,800	60,800	47,500	43,200	38,200	3,500	40,000
IT Equipment Replacement	IT	EQ-97-08	241,800	241,800	241,800	241,800	241,800	241,800	241,800
Emergency Generator Upgrades and Replacement	Water	EQ-99-02	879,500	879,500	10,000	922,400	0	521,900	0
Operational Equipment - Information Technology	Cap Proj	EQ-01-03	133,000	133,000	120,000	104,500	104,500	119,500	104,500
Metropolis Theater Capital Equipment	A&E	EQ-06-03	37,000	37,000	38,000	39,000	40,000	41,000	42,000
Patrol Vehicle Equipment Replacement Program	Cap Proj	EQ-08-03	80,900	80,900	75,000	50,000	50,000	50,000	50,000
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	103,600	103,600	60,000	61,500	63,300	65,200	30,000
Pumps & Motor Controls Rehab and Replacement	Water	EQ-15-30	139,500	139,500	141,400	106,000	64,600	94,600	90,000
Cable Access Broadcast & Video Streaming	Cap Proj	EQ-16-07	4,100	0	0	0	0	0	0
FF&E / Security / Telephone	Pub Bld	EQ-16-10	286,400	48,600	0	0	0	0	0
Metropolis Theater LED House Lighting	A&E	EQ-17-04	23,700	23,700	0	0	0	0	0
Metropolis Theater Speaker Towers	A&E	EQ-17-06	17,200	17,200	0	0	0	0	0
Metropolis Theater Moving Lights	A&E	EQ-17-07	7,000	7,000	0	0	0	0	0
Metropolis Theater Edison For Grid	A&E	EQ-17-08	0	11,000	11,000	0	0	0	0
Metropolis Theater Sound Console/ Board	A&E	EQ-17-09	35,000	35,000	0	0	0	0	0
Metropolis Theater Replace Smoke Detectors	A&E	EQ-17-10	0	25,000	25,000	0	0	0	0
Metropolis Theater LED Series 2	A&E	EQ-17-11	0	0	0	60,000	0	0	0
Lighting Fixtures in Theater	A&E	EQ-18-03	0	0	0	0	35,000	0	0
Wireless Microphones	A&E	EQ-18-05	0	0	0	0	14,000	0	0
Stage Curtains	A&E	EQ-19-01	23,800	0	0	0	0	0	0
Rear Projectors	A&E	EQ-19-02	14,000	0	0	0	0	0	0
Stage Light Control Systems - Dimmer Rack	A&E	EQ-19-03	0	0	0	0	0	65,000	65,000
Village ERP Software Replacement	IT	EQ-19-04	37,000	200,000	600,000	1,500,000	0	0	0
Metropolis Theater Replace Dock Door	A&E	EQ-19-05	0	0	0	15,000	0	0	0
Sub-Total Equipment			3,527,400	3,207,600	2,079,600	3,522,100	1,025,800	1,631,500	1,100,300

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

CAPITAL SPENDING (continued)			2019	2019	2020	2021	2022	2023	2024
FUND	PROJ #	EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Signals									
Traffic Signal Maintenance	MFT	SG-03-02	110,400	110,400	112,100	114,500	116,800	119,100	119,100
Traffic Signal Improvements at Northwest Highway/Wilke Rd	Cap Proj	SG-08-02	70,600	70,600	0	0	0	0	0
Dundee Road/Kennicott Avenue Pedestrian Actuation	Cap Proj	SG-14-05	56,900	56,900	0	0	0	0	0
Traffic Signal Pedestrian Upgrade - Central Road at Arthur	Cap Proj	SG-14-10	52,300	52,300	0	0	0	0	0
Traffic Signals LED Upgrade	Cap Proj	SG-14-15	17,000	17,000	0	0	0	0	0
Algonquin Rd. and New Wilke Rd intersection Improvement	Cap Proj	SG-17-01	200,000	200,000	0	0	0	0	0
Pedestrian/Bicycle crossing Lake-Cook Rd./Wilke Rd.	Cap Proj	SG-18-01	50,000	50,000	0	0	0	0	0
Sub-Total Signals			557,200	557,200	112,100	114,500	116,800	119,100	119,100
Streets									
Street Program	Cap Proj	ST-90-08	6,587,400	6,587,400	6,157,200	6,300,000	6,400,000	6,500,000	6,600,000
Street Rehabilitation Program	MFT	ST-90-09	1,800,000	1,800,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Sidewalk & Curb Replacement	Cap Proj	ST-90-11	385,800	385,800	395,000	405,000	415,000	425,000	435,000
Pavement Crack Sealing Program	Cap Proj	ST-92-01	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Green Corridor Beautification	TIF IV	ST-99-03	0	150,000	160,000	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
Paver Brick Maintenance	Cap Proj	ST-05-01	885,300	885,300	412,000	412,000	75,000	75,000	75,000
Northwest Highway/Davis Street/Arthur Avenue Intersection	Cap Proj	ST-05-03	338,500	338,500	0	0	0	0	0
Downtown Street Furniture	Cap Proj	ST-14-01	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Downtown Streetscape Improvements	Cap Proj	ST-15-35	205,000	205,000	200,000	0	0	0	0
Northwest Highway (Rt. 14) Corridor Landscaping Improver	Cap Proj	ST-16-20	63,700	63,700	101,000	75,000	77,000	0	0
Davis Street/Sigwalt Street Fencing/Landscape Upgrade	Cap Proj	ST-17-02	20,000	20,000	14,900	0	0	0	0
Rand Road Corridor Identification Enhancement	Cap Proj	ST-17-20	254,900	254,900	230,000	248,800	43,000	0	0
Rand Road Corridor Identification Enhancement	TIF V	ST-17-20	23,000	378,500	332,000	28,800	101,800	0	0
Downtown Light Ceiling	Cap Proj	ST-17-26	20,200	20,200	0	0	0	0	0
Kensington Road & Multi-Use Path Improvements	Cap Proj	ST-18-01	300,000	300,000	0	0	0	0	0
Surface Treatment - Streets	Cap Proj	ST-18-02	150,000	150,000	150,000	150,000	150,000	150,000	150,000
LED Street Lighting Conversions	Cap Proj	ST-19-01	64,000	64,000	64,000	64,000	64,000	64,000	64,000
South Arlington Heights Road Corridor	Cap Proj	ST-19-03	200,000	200,000	0	0	0	0	0
Bike Plan/Bike Route Pavement Marking	Cap Proj	ST-19-04	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Vail Ave Permeable Paver / Pedestrian Mall Preliminary Engi	Cap Proj	ST-20-01	0	0	6,000	0	0	0	0
Sub-Total Streets			11,537,800	12,043,300	10,862,100	10,323,600	9,965,800	9,854,000	9,964,000
Sewers									
Sewer Rehab/Replacement Program	Water	SW-90-01	400,000	400,000	425,000	450,000	475,000	475,000	475,000
Backyard Drainage Improvements	Storm Water	SW-11-02	782,167	782,167	500,000	400,000	300,000	300,000	300,000
Storm Sewer Rehab/Replacement Program	Storm Water	SW-15-20	835,600	835,600	500,000	500,000	500,000	500,000	500,000
Enhanced Overhead Sewer Program	Storm Water	SW-18-01	250,000	250,000	250,000	250,000	250,000	135,000	135,000
Storm Water Control - Cypress Detention Basin/Lift Station	Storm Water	SW-18-02	3,613,300	3,613,300	0	0	0	0	0
Greenbriar/ Roanoke/ Wilke	Storm Water	SW-18-03	0	0	3,100,000	0	0	0	0
Campbell/ Sigwalt	Storm Water	SW-18-04	3,753,000	3,753,000	0	0	0	0	0
Area C/NW - Burr Oak Burning Tree	Storm Water	SW-20-01	0	0	1,637,000	0	0	0	0
Area C/SE - Hintz Rd W of AH Rd	Storm Water	SW-20-02	0	0	648,000	0	0	0	0
St. Ponding Area - Race Ave & Chicago Ave	Storm Water	SW-20-03	0	0	0	0	0	800,000	0
Manhole Rehabilitation	Water	SW-20-04	0	0	0	0	0	25,000	50,000
Sub-Total Sewers			9,634,067	9,634,067	7,060,000	1,600,000	1,525,000	2,235,000	1,460,000
Vehicles									
Vehicle and Special Equipment Replacement - Public Work	Fleet	VH-95-01	1,914,400	1,914,400	952,700	1,450,000	701,300	1,078,400	560,000
Vehicle and Special Equipment Replacement - Water & Sev	Fleet	VH-95-02	426,900	426,900	98,400	382,500	220,900	0	461,000
Vehicle Replacement - Police Department	Fleet	VH-95-03	746,000	746,000	247,600	219,500	246,100	199,800	281,800
Vehicle Replacement - Fire Department	Fleet	VH-95-04	645,600	645,600	39,800	470,600	1,371,600	1,253,700	0
Vehicle Replacement - Municipal Fleet Services	Fleet	VH-95-06	0	0	52,000	48,000	0	0	0
Vehicle Replacement - Municipal Parking Operations	Fleet	VH-95-08	0	0	109,000	0	0	0	0
Vehicle Replacement - Building & Health Services Departm	Fleet	VH-95-10	0	0	73,000	25,000	30,000	0	0
Vehicle Replacement - Planning Department	Fleet	VH-95-12	0	0	0	0	0	0	26,000
Sub-Total Vehicles			3,732,900	3,732,900	1,572,500	2,595,600	2,569,900	2,531,900	1,328,800
Water									
Watermain Replacement Program	Water	WA-90-01	3,494,300	3,494,300	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Automatic Meter Reading System	Water	WA-03-02	0	0	400,000	1,037,300	1,050,000	1,050,000	1,050,000
Water Tank Repainting	Water	WA-11-01	1,456,900	1,456,900	875,000	1,036,400	525,000	563,000	1,500,000
Deep Well Rehabilitation	Water	WA-11-02	0	0	0	0	0	15,000	15,000
Sub-Total Water			4,951,200	4,951,200	5,775,000	6,573,700	6,075,000	6,128,000	7,065,000
Total Capital Spending			36,879,967	41,396,067	30,347,800	26,665,400	23,392,000	25,394,100	22,329,600

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

CAPITAL FUNDING BY FUND	2019 EST ACTUAL	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET
Capital Projects Fund	11,923,300	11,937,700	8,940,700	8,482,700	8,338,400	8,349,700	8,185,500
Water & Sewer Fund	6,774,700	6,935,900	6,797,600	8,922,000	7,346,300	7,672,100	7,864,400
Motor Fuel Tax Fund	1,910,400	1,910,400	2,512,100	2,514,500	2,516,800	2,519,100	2,519,100
Criminal Investigation Fund	311,800	71,300	84,100	0	0	25,000	85,000
Municipal Parking Operations Fund	833,700	833,700	263,000	63,000	138,000	1,213,500	63,000
TIF Funds	723,000	2,778,500	2,042,000	1,028,800	1,101,800	1,000,000	1,000,000
Storm Water Control Fund	9,234,067	9,234,067	6,635,000	1,150,000	1,050,000	1,735,000	935,000
Public Buildings Fund	911,600	3,268,900	560,000	0	0	0	0
Arts, Entertainment & Events Fund	157,700	162,900	99,000	114,000	89,000	106,000	107,000
Fleet Operations Fund	3,732,900	3,732,900	1,572,500	2,648,600	2,569,900	2,531,900	1,328,800
Technology Fund	278,800	441,800	841,800	1,741,800	241,800	241,800	241,800
Foreign Fire Insurance Tax Fund	88,000	88,000	0	0	0	0	0
Total Capital Funding	36,879,967	41,396,067	30,347,800	26,665,400	23,392,000	25,394,100	22,329,600

CAPITAL FUNDING BY REVENUE SOURCE	2019 EST ACTUAL	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET
Charges to Operations	3,974,700	3,974,700	1,814,300	2,890,400	2,811,700	2,773,700	1,570,600
Motor Fuel Tax Allotment	1,900,000	1,900,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Taxes							
Food & Beverage Tax	157,700	162,900	99,000	114,000	89,000	106,000	107,000
Property Tax	5,400,000	5,400,000	5,500,000	5,600,000	5,700,000	5,800,000	5,900,000
Property Tax Increment	723,000	2,778,500	2,042,000	1,028,800	1,101,800	1,000,000	1,000,000
Home Rule Sales Tax	1,803,900	1,803,900	1,840,000	1,895,000	1,952,000	2,011,000	2,011,000
Water Sales	6,774,700	6,935,900	6,797,600	8,922,000	7,346,300	7,672,100	7,545,500
Bond Proceeds	0	0	6,164,400	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	1,800,000	1,800,000	0	0	0	0
Operating Transfer In	320,000	320,000	300,000	300,000	300,000	300,000	300,000
Cash on Hand/Reserves	14,011,967	14,802,967	0	2,019,700	195,700	1,835,800	0
Total Capital Funding	36,879,967	41,396,067	30,347,800	26,665,400	23,392,000	25,394,100	22,329,600

CAPITAL IMPROVEMENT PROGRAM (CIP) IMPACT ON THE 2020 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:

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 2020 Budget includes an annual increase in Public Works overtime. However, the new LED lights will last much longer and use less energy, reducing long-term electricity and labor costs.

WATER

Project Name: Watermain Replacement Program

Description: Replacement of aging watermain throughout the Village.

Budget: \$4,500,000

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

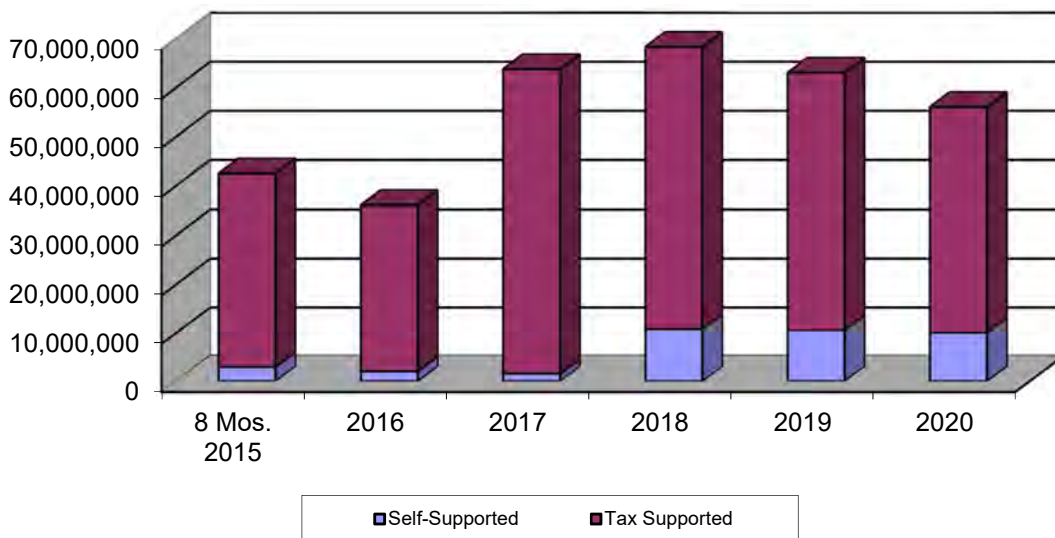
OVERVIEW AND DEBT FINANCING PRINCIPLES

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.

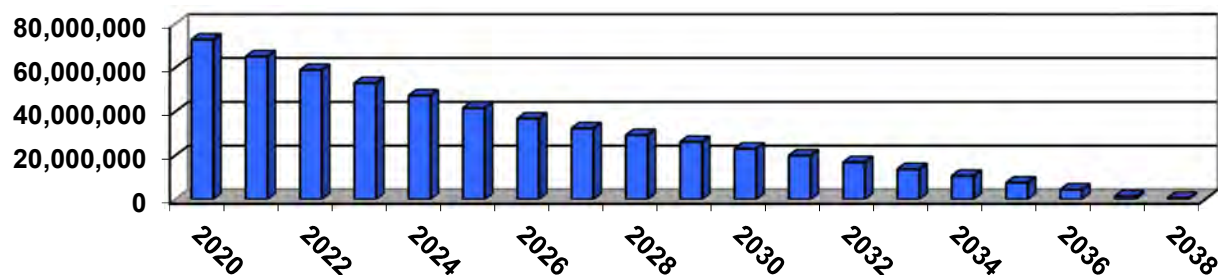
VILLAGE OF ARLINGTON HEIGHTS
Outstanding Bond Debt (Principal Only)
Fiscal Years Ending 2015 through 2020



DEBT SUMMARY

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

Total Principal & Interest Outstanding
2020 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

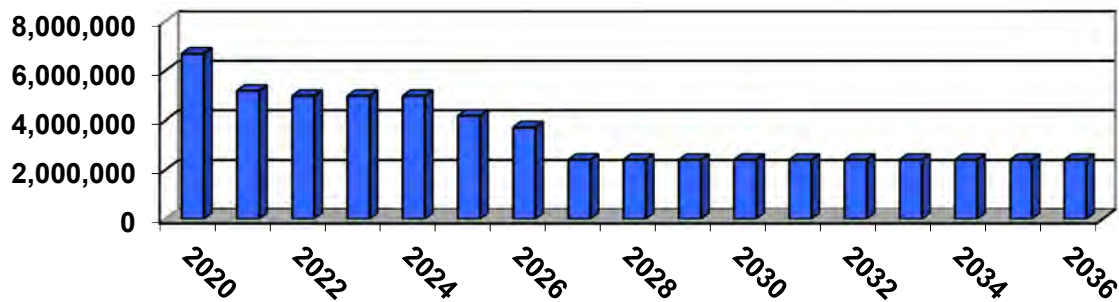
The Village’s general obligation bond rating is Aa1 from Moody’s Investors Service. A general obligation bond has the full faith and credit of the Village pledged. The general obligation alternate revenue bonds, which are a pledge of a specific revenue source, (i.e. utility taxes, sales taxes, water 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
2020 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, 2019

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	810,000
2012A G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,670,000	12/1/2022	5,520,000
2014 G. O. Road Improvement Bonds	Street resurfacing and sidewalk replacement	8,000,000	12/1/2020	860,000
2016 G.O. Police Station Bonds	Design and build new police station	32,900,000	12/1/2036	31,590,000
2018 G.O. Storm Sewer Bonds	Improvement of storm sewer infrastructure	9,530,000	12/1/2038	9,290,000
2019 G. O. Refunding Bonds	Partial Refunding of 2011 Refunding Bonds	7,985,000	12/1/2026	7,985,000
TOTAL ALL BONDS				56,055,000

ANNUAL DEBT SERVICE REQUIREMENTS

(PRINCIPAL AND INTEREST)

ISSUE	FUNDING SOURCE	2016 ACTUAL	2017 BUDGET	2018 BUDGET	2019 BUDGET	2020 BUDGET
2003B Refunding of 1997B Senior Center	Property Tax	322,400	0	0	0	0
2004 Public Buildings	Property Tax	0	0	0		
2006 Public Buildings	Property Tax	0	0	0	0	0
2006A Refunding of 1997C & 1998A	Property Tax	354,600	357,000	358,800	0	0
2009A Refunding of 2001	Property Tax	0	0	0	0	0
2009B Street Resurfacing	Property Tax	0	0	0	0	0
2011 Partial Refunding of 2004 Public Bldg	Property Tax	440,500	439,300	442,650	187,931	0
2012A Partial Refunding of 2004 Public Bldg	Property Tax	767,100	1,170,400	1,150,400	1,130,400	2,110,400
2013 Partial Refunding of 2006 Public Bldg	Property Tax	2,421,050	2,242,000	1,671,200	2,080,000	0
2014 Road Improvements	Property Tax	1,502,550	1,501,050	1,500,550	1,503,850	885,800
2016 Police Building	Property Tax	884,478	1,094,200	1,759,200	1,719,250	3,294,900
2019 Partial Refunding of 2011 Partial Refunding	Property Tax	0	0	0	80,959	399,250
SUBTOTAL - PROPERTY TAX		6,692,678	6,803,950	6,882,800	6,702,390	6,690,350
2003A Refunding of 1997A TIF III	TIF Property Tax Increments	265,200	0	0	0	0
SUBTOTAL - TIF FUNDING		265,200	0	0	0	0
2010 Refunding of 2002A NWCDs Building	Northwest Central Dispatch Rent	282,300	281,550	285,675	288,325	285,675
2018 Storm Sewer Improvements	Storm Water Utility Fee	0	0	0	690,878	689,300
SUBTOTAL - OPERATING REVENUE		282,300	281,550	285,675	979,203	974,975
TOTAL		7,240,178	7,085,500	7,168,475	7,681,593	7,665,325

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 10 operating departments: Integrated Services, Human Resources, Legal, Finance, Police, Fire, Planning & Community Development, Building & Life Safety, Health & Senior Services, & Public Works (including Water Utility Operations, Engineering, and Municipal Fleet Services).

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

Plan Commission
Zoning Board of Appeals
Board of Health
Board of Local Improvements
Board of Fire & Police Commissioners
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 52,326

Number of Ballots Cast in Last
Municipal Election 4-4-17 5,955

Village Bond Rating Aa1

Fire ISO Rating 1 (2016)

Various Taxes

Sales Tax 10.00%

Prepared Food & Beverage Tax 1.25%

Telecommunications Tax 6.00%

Hotel Tax 5.00%

Utility Tax (gas/electric) 5.00%

DEMOGRAPHICS

The Village is comprised of approximately 16.6 square miles.

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

COMMUNITY PROFILE

(Continued)

DEMOGRAPHICS (Continued)

Weather Conditions

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

Population

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

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	32,345
Median Household Income	\$87,790
Per Capita Income	\$47,171
Median Age	44
% of population over 65	19.3%
Education (population 25 years & older)	
High school graduate or higher	95.6%
Bachelor's degree or higher	53.6%
Unemployment Percentage (12/2018) (b)	3.0%

DEMOGRAPHICS (Continued)

Home Value (a)

Median Home Value	\$340,300
Median Gross Rent	\$1,260

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

Land Use (c)

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

Property Value (d)

Estimated Total Property Value (2017)	\$8,839,583,766
Equalized Assessed Valuation (EAV) (2017)	\$2,946,527,922

	<u>2017 EAV</u>	<u>% of Total</u>
Residential	\$2,165,564,338	73.5%
Commercial	654,570,030	22.2%
Industrial	125,103,734	4.2%
Railroad	1,289,820	0.1%
	<u>\$2,946,527,922</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 Rohman	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 21,119

Capacity of Waterworks 36,000,000 gal/per day

Number of Storage Tanks 10

Storage Capacity 31,000,000 gal.

Sewer Information:

Miles of Storm Sewers 213

Miles of Sanitary & Combined Sewers 255

Number of Retention/Detention Basins 56

Sewage Treatment – Metropolitan Water Reclamation District

Number of Fire Stations 4

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 307,364

Number of Registered Borrowers 76,653

FY2016 Total Circulation 1,998,330

BUSINESS

The Village has 1,844 businesses paying sales taxes.

2018 Kind of Business Report (e)

Sales Category	Sales Volume	%
General Merchandise	\$ 650,011	5.1%
Food	1,745,513	13.8%
Restaurant Dining	1,607,458	12.7%
Apparel	336,814	2.7%
Furniture, Household	886,574	7.0%
Lumber/Building/Hardware	475,726	3.8%
Automotive/Filling Stations	3,785,406	29.8%
Drugs & Misc. Retail	1,613,946	12.7%
Agriculture & All Others	1,350,376	10.6%
Manufacturers	232,188	1.8%
Total	\$ 12,684,012	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
Award2008

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 Award2010

Designated as a Member of the Safe
Communities America Program2010-2015

CALEA Accreditation of Police Dept.....2018

Governor's Sustainability Award2013

Community Partnership Award2013

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