

# VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

## BUDGET-IN-BRIEF

2021

Beginning January 1, 2021

**ADOPTED**



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

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## VILLAGE ADMINISTRATION

### *Central Administration*

Village Manager	Randall R. Recklaus
Assistant Village Manager	Diana Mikula
Prosecuting Attorney	Ernest R. Blomquist
Village Attorney	Hart M. Passman
Village Clerk	Becky Hume
Finance Director/Treasurer	Thomas F. Kuehne
Director of Human Resources	Mary Rath

### *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	
Director of Health and Human Services	James McCalister
Public Works Director	Scott Shirley

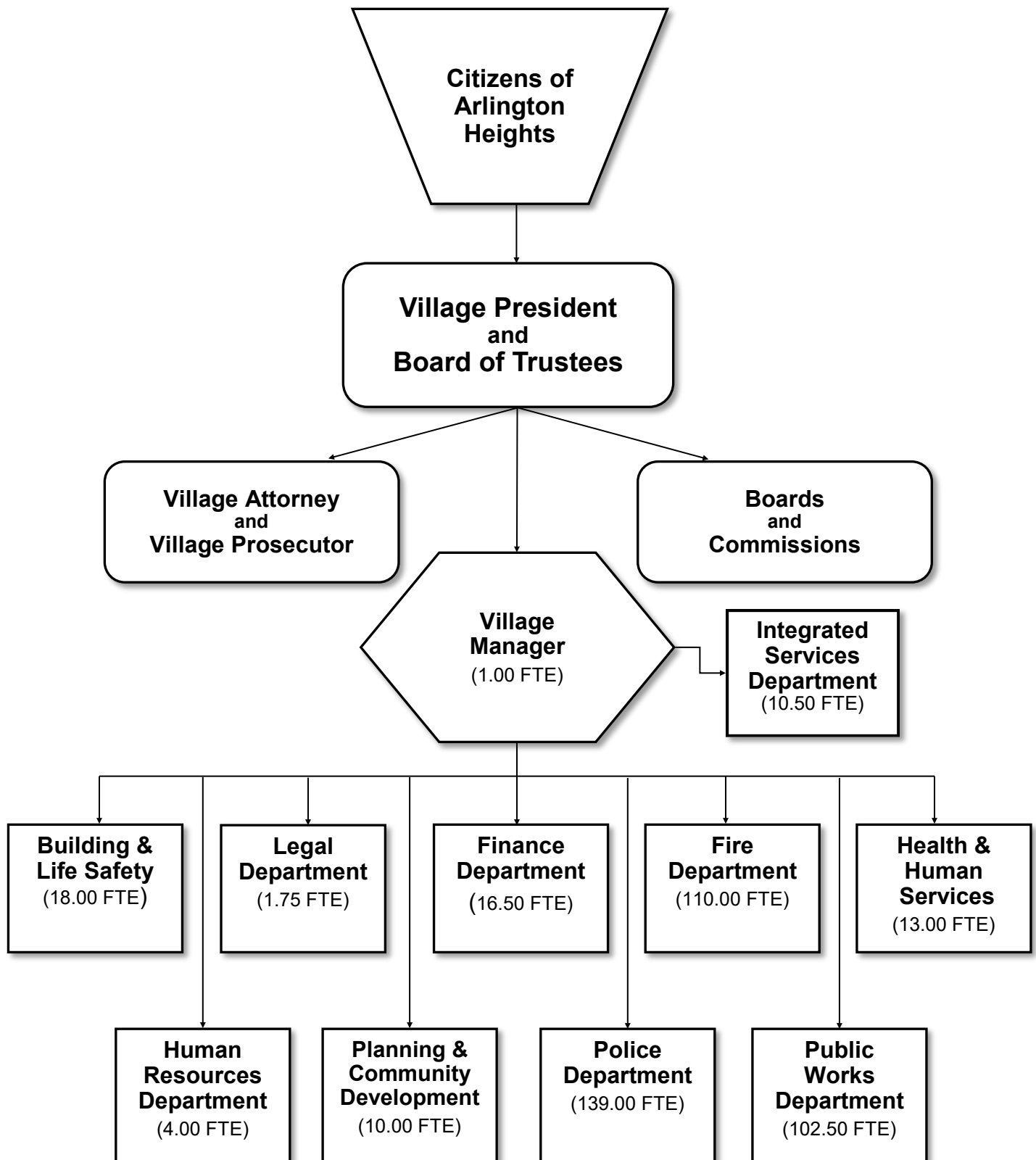
### *Budget Preparation*

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

# **VILLAGE OF ARLINGTON HEIGHTS**

**(426.25 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](http://www.vah.com)

October 23, 2020

Dear President Hayes and Trustees:

I am hereby transmitting the Budget for calendar year 2021.

This budget reflects the times we are living in, which can be summarized by the following word descriptors: Coronavirus, Recession, Stock Market Decline and Correction, Some Businesses Doing Well – Others Closing, Disruption, Loss, Fear, Hope and Family. 2020 has been a year of confusion and whiplash, as the world continues to deal with the coronavirus (COVID-19) pandemic. During this time, the Village has maintained its commitment to our community, while maximizing our situational awareness and operational flexibility. All Village services have continued, albeit in creative and non-traditional ways throughout the year. The Village also deferred some tax and fee payments, and worked with the local business community and social service agencies to provide as much assistance as possible. Over the past months, some in our Village family have been sickened by the virus, even though we have taken steps to protect our employees. However, the Village Board and Staff understand that it is imperative that we continue to serve the public to the best of our abilities. It is with this backdrop that the 2021 budget is submitted.

Prior to the pandemic, the Village built up its reserves and maintained a lean staffing model since the Great Recession, in anticipation of the next economic downturn as part of the normal business cycle. This foresight helped us weather the initial financial shock of the pandemic, and provided us the time needed to plan for the 2021 budget year. The effects of the pandemic on the economy will likely last through the first-half of 2021. During the budget ceiling process, the Village Board made clear its desire to have a zero percent increase in the 2020 property tax levy collected in 2021, as a number of residents and businesses are struggling through the Coronavirus Recession. We are happy to report that the 2021 Budget reflects this mandate.

As of the date of this transmittal letter, the Village is purposely holding a number of vacant positions open to reduce operational costs. Given the operational demands in our community, we do not believe that maintaining these vacancies is an ideal long-term solution, but it provides the Village some flexibility and expenditure savings in the short-term. It should be noted that each of these vacancies poses some operational challenges even in the short-term. It is Staff's intent to maintain some vacancies until the long-term effects of the pandemic are brought more into focus over the next six to nine months. The maintenance of the short-term vacancies will be continually evaluated on a case by case basis. We plan to continue the practice of conservatively budgeting for full employment throughout the year for the 2021 budget, even if we do not fill the temporarily vacant positions. This method of budgeting has historically provided a worst-case expenditure projection for our operating funds.

The budget continues to maintain the Village's infrastructure through the use of new State motor fuel tax receipts for our street program, and the use of a portion of the 2020 bond issue proceeds toward the Village's water main replacement program. The storm water control program will also continue with work in the Area D – Greenbrier/Roanoke/Wilke and Area C – Burr Oak/Burning

Tree/Berkley/Hintz areas. By continuing these programs at high levels, the Village won't fall behind on our needed infrastructure improvements.

## Overview of 2021 Budget Plan

The 2021 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 2020-2021 Business Plan which is based on the Village Board's biennial goal setting process. Some items have been delayed due to staffing changes and COVID-19, but efforts completed this year include: the adoption of new building codes, the development of an affordable housing plan and policy, the completion of an IT network vulnerability assessment, the purchase of the DACRA administrative adjudication processing system to expand the type of code violations that can be included in this in-house court system, the commencement of a Diversity, Equity, and Inclusion audit and planning process, the development of a multi-year bond financing plan that reduced the Village's annual debt costs, and the completion of a tax base expansion strategy which will continue to focus business retention and attraction efforts on identified sectors.

The Business Plan also highlighted the need for streamlined business processes and improved communication methods throughout the organization. One of the key efforts in this area is the multi-year implementation of new Enterprise Resource Planning (ERP) software system. During 2020, the Village worked with a consultant to help guide the analysis of the Village's software needs and to develop a request for proposal for ERP software. The Village and its consultant are currently reviewing the proposals for the Board's future review. During the next two years the Village will implement the new ERP software. 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.

Some of the other Business Plan projects that will be undertaken during 2021 include the continuation of the fee and fine increase plan, continued Building and Life Safety process improvements, a review of the retention or redevelopment of Arlington Park, a review of potential updates to the Senior Center facility, and numerous other projects.

In June 2020 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 first year of the CIP has been incorporated into the 2021 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 2021 Budget include the following:

- A street resurfacing and street rehabilitation program totaling over \$11.5 million in 2021. In 2020, 2021 and 2022 the Village will receive \$1.65 million per year in grant funding for street rehabilitation work through the State's capital grant program. In addition, the State increased the gas tax last year, and the Village's Motor Fuel Tax (MFT) allotment has increased from about \$1.9 million in 2018 to an estimated \$3 million per year in 2021.
- The fourth 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. The 2021 Budget includes \$6.6 million in storm water control projects for the coming year.

- In 2020 the Village sold a bond issue that generated \$13.7 million in proceeds. This bond sale decreased the Village's total debt service levy, as the principal and interest on bonds sold were less than the maturing debt. \$9 million of the bond proceeds was allocated to the Water & Sewer Fund as part of the Village's plan to maintain the replacement of at least \$4 million, or the industry standard of 1% of our water main system on an annual basis. \$3 million was allocated to the Capital Projects Fund to augment the funding of the annual street resurfacing program, and the balance of \$1.7 million was allocated to the Municipal Parking Fund to be used toward the parking structure maintenance program.

The Village develops its operating and capital budget based on a conservative forecast of revenues, and does not consider new revenues from growth unless the development is completed and has provided a historical basis for a new projection. A normal operating expense cycle is anticipated and includes expenditure increase assumptions. The Village also has access to its reserves, which 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 emergencies 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 2021 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.

## 2020 Property Tax Levy Payable in 2021

One of the Village's key goals has been to keep any property tax increase as low as possible. A second key Village goal is to ensure that sufficient funds are available to provide a consistent, high-level of Village services each and every year. **For the second consecutive year, the total 2020 property tax levy collected in 2021 reflects a 0% increase over the prior year extended levy.** To accomplish this while increasing needed property tax support for the General Fund, the following actions have been taken:

1. The Village paid down a portion of the unfunded liabilities in the Police and Fire pension funds by transferring \$1.25 million to each of these funds using 2019 General Fund surplus monies. Per the Village's actuary, this reduced the combined public safety pension fund property tax levies by about \$246,000 per year between now and 2040. In addition, the public safety pension fund levies decreased by an additional \$200,000 due to positive investment returns in 2019. (In 2018 the Village also paid down a combined \$3 million of the public safety pension liabilities, saving the Village about \$288,000 a year between then and 2040).



2. As noted earlier, the Village managed its debt service levy by selling bonds in 2020 that result in annual principal and interest costs that are less than the retiring debt. This resulted in a decrease in annual debt service payments of about \$259,000.
3. The \$3 million in bond proceeds added to the Capital Projects Fund and the increase in MFT receipts from the State, allowed the Village to reallocate over \$1.5 million in property tax revenues from the Capital Projects Fund to the General Fund's police and fire protection levies.
4. Health insurance costs for 2021 increased by a combined 1.2% rather than the assumed increase of 5%, for a savings of about \$287,000 which was due to better claims experience. Additional expenditure reductions of \$238,000 were also made during the budget internal review process of Department requests prior to submitting the budget to the Village Board.
5. In September 2020, the Village Board approved one license allowing a local business that sold only medical-use cannabis to expand its sales to include the sale of recreational or adult-use cannabis. Based on adult-use cannabis sales in other states and area communities, the 2021 Budget reflects a new General Fund cannabis tax revenue source of \$500,000.

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. The Capital Improvement levy is based primarily on the street program needs identified through the five-year capital improvement plan. The FICA and IMRF levies are derived from the detailed wage sheets prepared for 2021. 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.

However, this year, due to the pandemic recession the General Fund budget reflects the modest use of some reserves during 2021. The Village has built up its reserves to help us weather this type of economic downturn. The initial property tax levy reviewed by the Board for budget ceiling purposes represented a 0% increase for the Village over the prior year extended levy, with the use of \$1.78 million in General Fund reserves. 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 2020 Village property tax levy that is equal to last year's extended levy, with a General Fund deficit requiring the use of \$691,800 in Reserves. The total 2020 property tax levy including the Library's levy increases by 0% and is summarized on the following page:

	Extended 2019 Levy	2020 Levy For 2021	Dollar Change	% Change
Village				
Debt Service	\$ 6,757,254	\$ 6,498,556	\$ -258,698	-3.83%
Police Pension	\$ 4,251,090	\$ 4,073,000	\$ -178,090	-4.19%
Fire Pension	\$ 5,181,300	\$ 4,913,000	\$ -268,300	-5.18%
Capital Improvement	\$ 5,555,000	\$ 4,400,000	\$ -1,155,000	-20.79%
FICA	\$ 1,494,797	\$ 1,502,000	\$ 7,203	.48%
IMRF	\$ 1,837,190	\$ 1,835,800	\$ -1,390	-.08%
Police Protection	\$ 6,108,278	\$ 7,035,400	\$ 927,122	5.18%
Fire Protection	\$ 6,108,278	\$ 7,035,400	\$ 927,122	5.18%
Total Estimated Village Levy	\$37,293,187	\$37,293,156	\$ -31	0%
Library	\$14,535,565	\$14,535,565	\$ 0	0%
Grand Total Tax Levy	\$51,828,752	\$51,828,721	\$ -31	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 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 2021, not including the Arlington Heights Memorial Library, comes to \$192,504,400, an increase of 4.2% or about \$7.8 million. This increase is primarily attributable to the following debt service and capital expenditure areas:

- The MFT fund shows an increase in the street rehabilitation program of \$1.6 million due to an increase in the motor fuel tax funds from the State. In 2019, the State of Illinois approved a new capital plan under which the gas tax was doubled to .38/gallon. A portion of this increase will result in an ongoing increase in the Village's motor fuel tax receipts. The State also used a portion of these new taxes to finance the State capital program. During 2020, 2021 and 2022 the Village will receive an additional \$1.65 million per year in MFT grant monies from this program.
- The Public Building Fund budget reflects the closure of this fund after its creation twelve years ago. The fund was established to account for the construction of the new Public Works, Fire Station 1, Village Hall and Police facilities. The 2021 Budget includes the transfer-out of \$3.23 million in remaining funds to the following Village funds:
  1. \$2 million transfer-in to the Technology Fund to help cover the cost of the new Enterprise Resource Planning (ERP) software.
  2. \$780,000 transfer-in to the Fleet Fund. Based on the projected drawdown of the Fleet Fund's reserves over the next five years as higher cost vehicles are

replaced, an infusion of cash will help maintain reserves rather than increasing internal service charges in the 2021 Budget to the General Fund Departments.

3. \$450,000 transfer-in to the Arts, Entertainment and Events (A & E) Fund. The coronavirus recession has resulted in a significant 16% projected decrease in Food & Beverage (FBT) taxes, which is the primary revenue source for this fund. FBT revenues aren't expected to reach 2019 levels again until 2022.
- The Technology Fund budget includes the purchase of the new Enterprise Resource Planning (ERP) software. Village staff and our ERP consultant are currently reviewing the eight proposals that were received by the Village in August. The combined cost of the software and consultant (needs assessment, RFP preparation, implementation assistance) could total \$4 million, depending on the functionality of the software and the vendor chosen.
  - The Fleet Operations Fund budget decreases in 2021 by \$2.3 million compared to the prior year. During 2020 and 2021 the Village is working to extend the lives of its vehicles as much as possible during the pandemic. Eventually though, these vehicles will need to be replaced.

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. The percent of Village staff enrolled in the Tier 2 system increased from 30% in 2019 to 39% in 2020. Given the high number of retirements the Village is experiencing, the percentage of Tier 2 employees is expected to continue to increase substantially in coming years.

## Personnel Changes

As a service organization, Village employees are one of the Village's most important assets. The 2021 total payroll cost is projected to increase 2.09% over the prior year's wage base, including all scheduled 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 31% of our current employees will be eligible to retire in 2021 and 34% will be eligible in 2022. Twenty-three full-time positions (including promotions) have been filled in the organization in 2020 to date, underscoring the transition period that is now underway. Whenever vacancies occur, Staff reviews whether the position is still needed at all, should be modified, or whether another department has greater current needs for that slot. Such adjustments occur throughout the year as opportunities present themselves.

The 2021 Budget includes a reduction in staffing levels of 1.5 full-time equivalents. The Village's In-House Attorney retired in 2020, which provided the Village with an opportunity to review its legal services. In October 2020, the Village Board approved an engagement with an outside Village Attorney for a six-month trial period. During this time, the Assistant Village manager will supervise the current Legal Department staff. In addition to this change, the Village has reduced the budget for the outside Village Prosecutor, as more cases will now be run through the Village's Administrative Adjudication process and DUI enforcement was shifted from the Village Prosecutor to the State's Attorney. The Finance Department also shows a staffing decrease of .5 FTE. After the retirement of the department's Administrative Assistant this past summer, it was determined that this full-time

position would be replaced by a part-time employee. Some of the duties of this position were distributed to other members of the Finance staff.

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. Due to lower claims experience during the past year, the blended increase for the Village and Library PPO and HMO medical plans will only be 1.2% in 2021. The projected increase for the PPO plan is 1.6% and the HMO plan is 1.5%. The PPO increase maintains a 2% margin that was built-in to the base to help offset potential adverse claims experience. The employee PPO contributions include this margin.

The balance of this budget message identifies the process that has been followed to prepare this financial plan for 2021, a detailed review of the General Fund, as well as budget narrative on other Village funds. Additional charts and graphs on the budget as a whole and on selected funds can be found in the Financial Summaries section of the budget.

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

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

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

Under the Budget Officer Act and the Village's purchasing guidelines, the budget may be amended by the Village Manager in the form of transfers between line items up to \$25,000. Budget transfers above this amount require the approval of the Village Board. This allows the Village the flexibility it

needs to operate efficiently due to the scope of its operations. This also serves to increase the accountability of Department Directors by encouraging them to budget realistically and to keep a close watch on each expenditure line item during the year.

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

	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>
Budget Ceiling	\$79,861,000	\$24,350,600
Budget	<u>\$79,198,800</u>	<u>\$25,139,400</u>
Over (Under) Ceiling	\$ (662,200)	\$ 788,800

During the department reviews, the budget team and department directors worked to prepare a budget at or below the budget ceilings. However, this year there have been some extraordinary changes. The 2021 budget for the General Fund is lower than the budget ceiling established by the Village Board in June 2020. The key reasons for this decrease are: lower health insurance costs than assumed, a decrease in legal expenditures due to the change to an outside Village Attorney, and savings from lower charges for Northwest Central Dispatch services.

The 2021 Water & Sewer Fund budget is higher than the budget ceiling amount, due primarily to an unfunded mandate by the U.S. Environmental Protection Agency (EPA). The Village is required to develop and implement a water system risk and resiliency plan which is budgeted at \$786,000. The plan consists of a list of security enhancements at our critical drinking water facilities that must be completed by December 31, 2030. The written risk and resiliency plan must be submitted to the EPA no later than December 31, 2020. The implementation of the risk and resiliency plan was moved up to 2021, after the Village received \$728,000 in funding from the Northwest Water Commission, when a portion of the Commission's capital reserves were released to the founding members of the Commission.

## 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	34% of revenues
- Sales Tax (including Home Rule)	22%
- Income Tax	9%

The revenues listed above represent the General Fund's primary growth revenues, which generally pay for annual cost increases. The pandemic has had a clear impact on state and municipal revenues. Communities that rely on sales tax revenues have been affected even more than others by the downturn. The Village of Arlington Heights' sales tax receipts are a significant source of revenue to the Village, but we have a more balanced array of revenue sources than some other local communities. In addition, because of our partial reliance on sales tax receipts, the Village has worked to maintain solid reserves that can be used to help us weather extraordinary events. The Village's latest projections for Sales and Home-Rule Sales tax receipts reflect a 20% to 30% year over year decrease for the months of April 2020 through March 2021. After that period, we expect a slow improvement through the balance of 2021. As a result, these revenue sources are budgeted

to decrease by nearly 8% compared to the prior year budget. Income tax receipts also show an 8% decrease compared to last year. The State has 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 18% higher than the prior year budget, due to the June 2018 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 November 2019, the amended "Leveling the Playing Field for Illinois Retail Act" was passed by the State's General Assembly to require both remote retailers and marketplace facilitators to collect and remit the state and locally-imposed sales taxes for where the product is delivered. The law requires remote retailers (who either meet a threshold of 200 transactions annually or \$100,000 in annual gross receipts) selling to Illinois residents to collect these sales taxes starting January 1, 2021. 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.

In September 2020 the Village received its portion of the federal CARES ACT grant funds through Cook County. The grant covered public safety personnel straight time costs incurred during the first few months of the pandemic. The Village's grant allocation amounted to \$589,000. The Village Board's action in September in regard to the sale of adult use recreational cannabis resulted in new projected revenues. In 2021 the 3% cannabis tax will be in effect, which is projected to generate \$500,000 per year along with additional sales and home-rule sales tax revenues.

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 3% from the 2020 Budget to the 2021 Budget, as more residents "cut the cord" to their land lines. It is projected that this revenue source will continue to decrease. Cable Franchise Fees are projected to remain unchanged, but will likely decrease in the future as more residents choose internet streaming services over regular cable or premium channels. Cable Franchise fees are not applied to streaming services like Netflix, Amazon and Hulu. Other General Fund revenues have been fairly consistent from year to year.

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

The 2021 General Fund budget for expenditures increases by only .5% compared to the prior year. Health insurance costs increased by only 1.2%, and Police and Fire pension costs decreased by a combined 3.8% due to prepaying a portion of the unfunded liability in 2019 and 2020. The Central Dispatch account in the Police and Fire Departments decreased by a combined \$43,800 compared to the budget ceiling estimate due to the receipt of new, ongoing 911 funds from the State. Wage and Fringe Benefit expenditures in the Legal Department decrease by \$226,700 compared to the budget ceiling estimate due to the elimination of the In-House Counsel position after the recent retirement of the incumbent. Village Prosecutor expenditures are also being decreased by \$70,100 compared to the 2020 budget, as more cases will be handled through the Village's administrative adjudication process and due to shifting DUI enforcement from the Village Prosecutor to the State's



Attorney. A portion of these savings will be offset by a \$223,000 increase in contractual Village Attorney legal services. During the internal Department review process, a number of other line items were decreased due to realigning the 2021 budget amount with historical trends. Other expenditures were fairly consistent compared to the prior year.

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

*State of Illinois "Fair Tax" referendum (November 2020)* – The State has indicated that if this referendum fails, there may be additional income tax sharing reductions for municipalities. This would negatively impact our revenues if this occurs.

*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. As per the 2020-21 Business Plan 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. To develop more realistic water and sewer revenue projections, estimates are now based on water usage which is lower than the 15-year average.

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

Water main breaks are used as an indicator of system condition. According to the American Water Works Association, water utilities should strive for between 25 and 30 water main breaks per 100 miles of water main per year. Over the last six 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. During the past two years the Village has also installed variable frequency drives at our booster stations to reduce strain on the system. Although these programs have been successful, they are preventative measures only and aid in extending the life of our water mains. As such, these efforts are not a substitute for needed water main replacement.

## 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 2020, the Village Board reviewed the detailed capital improvement program and approved the five-year Capital Improvement Plan for 2021 - 2025. The next biennial CIP process will be undertaken in 2022.

The capital projects outlined in the CIP are budgeted in a variety of Village funds, depending on the source of revenue. The first year of the multi-year capital plan has been incorporated into the 2021 Budget. The "CIP/Debt Service" section of the budget shows a summary of the entire five-year capital spending and funding plan. The key 2021 capital projects, outside of the water and sewer projects that were identified earlier, include the following:

**Tax Increment Financing (TIF) Fund Projects** – The Village currently has four active TIF Districts. TIF projects are typically financed through a pay as you go mechanism or through issuing debt based on future property tax increment revenue streams. The difference in property tax revenues received in the base year of a TIF District versus the increased property taxes received in subsequent years after improvements are made, result in a property tax increment. In the 2021 Budget, there is a \$500,000 budget place holder shown in TIF IV. In TIF V, \$2,000,000 is budgeted for an anticipated redevelopment agreement for a new grocery store to be located in a vacant parcel of the Town & Country Plaza, as well as a new restaurant to be built on an out lot of this development. TIF V also includes \$332,000 toward the multi-year Rand Road Corridor Identification project. The Hickory/Kensington TIF includes \$1,500,000 for the construction of public infrastructure associated with the development of a new apartment building. The South Arlington Heights Road TIF was established in 2020 and includes \$55,800 toward initial development costs. There are no other large capital projects currently scheduled for the TIF Districts during the 2021 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 2021 street program includes the following expenditures:

*Street Program (\$6,200,000 – Capital Projects Fund)* – This is an ongoing program to resurface or rehabilitate existing deteriorated street pavement and curbs.

*Street Rehabilitation Program (\$4,000,000 – MFT Fund)* – This is an ongoing street rehabilitation program consisting of the reconstruction of significantly deteriorated street pavement, curbs, and concrete panels. The 2021 Budget for this program is \$1,600,000 higher than the prior year's budget 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 1<sup>st</sup> of each year based on the Consumer Price Index. In addition, the Village is receiving MFT grants of \$1.65 million per year in 2020, 2021, and 2022 as part of the State's capital program.

Some of the other major projects included in the 2021 Capital Projects Fund budget are:

*Sidewalk & Curb Replacement (\$405,000) 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.

*Phone System Upgrade (\$175,000) and A/V System Upgrades (\$227,800)* – Some elements of the current phone system can be repurposed into a new system, but the manufacturer stopped supporting the critical components of the phone system that need to be replaced. The 15-year old A/V equipment in the Village Hall conference rooms are incompatible or unstable when being used with current presentation systems.

*Downtown Streetscape Improvements (\$200,000)* – 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. The Village is seeking ITEP grant funds for this project.

*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 covered \$1.8 million of the \$4.2 million Downtown sewer project (Area 4 – Street Ponding Campbell/Sigwalt). The receipt of grant funds has allowed the Village to include additional storm water control projects on the five-year infrastructure spending plan, which is included in the Storm Water Control Fund section of the budget. The timing and priority of the currently contemplated Storm Water Control Fund projects may be impacted by the availability of Rebuild Illinois Grant dollars. The 2021 Budget includes the following significant flood control projects:

*Backyard Drainage Improvements (\$400,000)* – This program budget provides funds for public drainage improvements allowing new or improved access for residents to Village storm sewers. The program only covers work on public right-of-way, or within public utility and drainage easements.

Any connections or work on private property not within public easements, is the responsibility of the property owner. The 2021 Backyard Drainage Improvement project will focus on installing storm sewers on Evergreen Avenue and Maude Avenue. This project has been identified as a recipient of an Illinois Department of Commerce and Economic Opportunity (DCEO) grant in the amount of \$400,000. However, delays in grant funding are anticipated due to the State's current focus on COVID-related grants.

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

*Enhanced Overhead Sewer Program (\$250,000)* - The overhead sewer program (OHS) is designed to offer a rebate to single-family homeowners of the direct costs of converting an existing gravity sewer system to an overhead system. The average cost to install a sewer back-up system can range from \$10,000 to \$15,000. The standard program offers a rebate paid to the owner by the Village for up to 50%, not to exceed \$7,500 of these costs. The Village authorized an enhanced program as of October 1, 2017, which allows the first 400 applicants to receive a rebate of 75%, not to exceed \$11,250 of the direct costs of converting the system. Permit fees associated with these direct costs will also be waived. Installing a sewer back-up system increases an owner's property value, but the significant out-of-pocket expense has prohibited some residents from participating in the program. From the inception of the program in FY2007 through October 2020, there have been 238 rebates paid (including 42 from the enhanced program) to single-family homeowners for a total cost to date of \$1.4 million.

*Area D - Greenbrier/Roanoke/Wilke (\$3,191,600)* - This includes storm sewer improvements, street reconstruction, water main replacement, sidewalk and curb restoration, and landscaping restoration within the Greenbrier Subdivision. The proposed 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 - Burr Oak/Burning Tree/Berkley/Hintz Road (\$2,285,000)* - This project includes storm sewer improvements, street reconstruction, water main replacement, sidewalk and curb restoration, and landscaping restoration at two separate locations in the Berkley Square Subdivision. The first location is the northwest area of the subdivision and will include the installation of new storm sewer that diverts floodwater to a proposed storage basin on the western side of Raven Park. The second location is in the southeast area of the subdivision, and proposed improvements include the installation of a new upsized storm sewer line. This project has been identified as a recipient of an Illinois Department of Commerce and Economic Opportunity (DCEO) grant in the amount of \$1,000,000. However, delays in grant funding are anticipated due to the State's current focus on COVID-related grants.

**Arts, Entertainment & Events (A & E) Fund** - During 2018 and 2019 the Village transferred \$20,000 each year from the General Fund to the A & E Fund to balance the fund's revenues and expenditures. Prior to the preparation of the 2020 Budget, the Village Board requested staff to review this fund to determine if all of the listed events should continue to be charged to this fund, as a way to eliminate the ongoing transfer. Based on that review, Staff added a sentence to the fund's purpose stating that, "These events should promote the Village and help generate opportunities for local businesses." With this additional definition, the Hearts of Gold, Irish Fest, and National Night Out

were moved from the A & E Fund to the General Fund, and the Arlington Spring Sweep event was moved to the Solid Waste Fund. The total cost of these events was \$27,000, which allowed the Village to balance the A & E Fund and to end the transfer-in from the General Fund in 2020.

However, as noted earlier in this Transmittal Letter, the coronavirus recession has resulted in a significant 16% projected decrease in Food & Beverage (FBT) taxes, which is the primary revenue source for this fund. FBT revenues are currently not projected to reach 2019 levels again until 2022. In addition, as one of five owners of commercial condominium units in the Metropolis Building, the Village's portion of the monthly building reserve charge will increase by 26% in 2021. This reflects the results of a building reserve study completed over the summer, which calls for the roof to be replaced in 2024. The proposed one-time transfer-in of \$450,000 from the Public Building Fund, fills the immediate funding gap caused by lower FBT revenues and higher building reserve costs. Based on the lower FBT revenues and the higher building reserve costs, during 2021 Staff will develop a financial plan for the A & E Fund to ensure its long-term sustainability.

### Acknowledgements

The 2021 Budget continues the Village's commitment to its ongoing capital improvement program and the provision of quality municipal services. I would like to thank the entire staff and especially the budget team consisting of Tom Kuehne, Mary Ellen Juarez, Kevin Baumgartner, and Diana Mikula for their efforts. Thanks as well to the Village Board for its ongoing support during the budget cycle and throughout the year.

Sincerely,

A handwritten signature in black ink, reading "Randall R. Recklaus". The signature is written in a cursive, flowing style.

Randall R. Recklaus  
Village Manager

# BUDGET CALENDAR

## For Preparation of 2021 Budget

(January 1, 2020 – December 31, 2020)

DATE	DAY	ACTIVITY
March - June, 2020	–	Capital Improvement Project Recap prepared.
June 24, 2020	Wednesday	Operating Fund Overview/Recommended 2021 Budget Ceilings and Proposed 2020 Property Tax Levy released to Village Board for discussion at June 29 <sup>th</sup> Committee-of-the-Whole meeting.
<b>June 29, 2020</b>	<b>Monday</b>	Committee-of-the-Whole reviews Capital Improvement Plan, and discusses the Operating Fund Overview, Recommended 2021 Budget Ceilings, and proposed 2021 tax levy.
July 6, 2020	Monday	Board considers any motions stemming from June 29 <sup>th</sup> Committee-of-the-Whole meeting regarding the recommended 2021 Budget Ceilings.
July 10, 2020	Friday	Budget worksheets are forwarded to departments. Departments prepare detailed budgets.
August 10, 2020	Monday	Department budget requests and projections due.
Aug 10 – Sep 4, 2020	–	Finance Department compiles departmental budget submissions.
September 4, 2020	Friday	First draft of 2021 Budget forwarded to Village Manager, Budget Team and all departments for review.
Sep 9 – Sep 11, 2020	–	Departments meet with Village Manager and Budget Team.
Sep 11 – Oct 23, 2020	–	Final draft of 2021 budget prepared.
October 23, 2020	Friday	Release final draft of 2021 Budget to Village Board.
<b>November 9, 2020</b>	<b>Monday</b>	<b>1st Budget Meeting</b> – AH Memorial Library, Budget Overview, Budgets for Board of Trustees, Integrated Services, Health & Human Services, HR, Finance, Building Services, and Police
<b>November 10, 2020</b>	<b>Tuesday</b>	<b>2nd Budget Meeting</b> – Budgets for Metropolis Theater, Boards & Commissions, Legal, Planning & Community Development, Engineering, Public Works, Water & Sewer, Parking Operations, Fleet Services, and Fire
<b>November 12, 2020</b>	<b>Thursday</b>	<b>3<sup>rd</sup> Budget Meeting</b> – If needed
November 18, 2020	Wednesday	Notice of Public Hearing on 2021 Budget published in newspaper.
<b>December 7, 2020</b>	<b>Monday</b>	Board approves 2020 Tax Levy and Abatement Ordinances. Public Hearing on 2021 Budget. Approval of 2021 Budget at formal meeting.

**SURVEY OF COMPARABLE MUNICIPALITIES  
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME  
AUGUST 2020**

**ANNUAL ESTIMATED PAYMENTS:**

Municipality	2020		Garbage Bill*	Yard Waste Bill	Combined** Residential		Storm Water Fee	Home*** Rule Sales Tax	Food & Beverage Sales Tax	Municipal Motor Fuel Tax	Entertain. Tax	Electric Utility Tax	Gas Utility Tax	Telecom Tax	2019**** Municipal Property Tax	Total Estimated Annual Homeowner Costs
	Passenger Veh. Stickers	2			Water & Sewer Bill	Gallons/Yr										
Assumptions for Average Family		2	12	48	144,000		Estimated	\$6,000	\$3,000	650	\$2,400	12,300	1,700		\$92,100	
	Cars		/Yr	Bags/Yr	Gallons/Yr			/Year	/Year	Gallons/Yr	/Year	kWh/Yr	therms/Yr	/Year	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	1495.70	\$4,627.37
2. Hoffman Estates	0.00		\$204.00	\$144.00	1,892.20		24.00	60.00	60.00	16.25	0.00	69.00	85.00	72.00	1268.22	\$3,884.67
3. Mount Prospect	90.00		\$235.00	\$0.00	2,043.84		0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	909.95	\$3,534.95
4. Wheeling	0.00		\$266.76	\$0.00	1,171.08		36.00	60.00	30.00	0.00	96.00	75.03	85.00	72.00	1437.68	\$3,329.55
5. Elk Grove Village	50.00		246.12	\$144.00	1,728.00		0.00	60.00	30.00	0.00	0.00	75.03	34.00	72.00	759.83	\$3,198.98
6. Arlington Heights	60.00		\$219.96	\$136.80	1,286.88		75.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	1020.47	\$3,128.64
7. Des Plaines	0.00		\$212.52	\$0.00	1,366.98		0.00	60.00	30.00	45.50	0.00	70.23	42.50	72.00	1031.52	\$2,931.26
8. Palatine	60.00		\$246.00	\$0.00	1,162.80		60.00	60.00	30.00	0.00	0.00	75.03	0.00	72.00	1053.62	\$2,819.45
9. Schaumburg	0.00		\$0.00	\$0.00	1,973.76		0.00	60.00	60.00	19.50	120.00	0.00	0.00	72.00	472.47	\$2,777.73
10. Buffalo Grove	0.00		\$279.60	\$0.00	1,018.08		60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	1046.26	\$2,726.93
11. Park Ridge	90.00		\$0.00	\$0.00	1,544.04		0.00	60.00	30.00	26.00	0.00	68.63	34.00	72.00	693.51	\$2,618.19

\*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 (08/20), / Cook County Clerk website / Municipal websites / Codes

**RATES:**

Municipality	Est.		Yard Waste Rate /Bag	Combined Water & Sewer Rate/ 1000 Gallons + fixed fees	Estimated Storm Water Fee/Month	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	2019 Municipal Property Tax Rate
	2020 Passenger Veh. Stickers	Monthly Garbage Rate (1x/week)											
Arlington Heights	30.00	18.33	2.85	8.72	6.25	1.00%	1.25%	0.00	0.00%	0.00610	0.050	6.00%	1.108
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%	1.136
Des Plaines	0.00	17.71	0.00	9.19	0.00	1.00%	1.00%	0.07	0.00%	0.00571	0.025	6.00%	1.120
			43.44										
Elk Grove Village	25.00	20.51	3.00	12.00	0.00	1.00%	1.00%	0.00	0.00%	0.00610	0.020	6.00%	0.825
Hoffman Estates	0.00	17.00	3.00	12.51	2.00	1.00%	2.00%	0.03	0.00%	0.00561	0.050	6.00%	1.377
			80.76										
Mount Prospect	45.00	19.58	0.00	13.36	0.00	1.00%	1.00%	0.04	0.00%	0.00351	0.015	6.00%	0.988
			120.00										
Palatine	30.00	20.50	0.00	5.90	5.00	1.00%	1.00%	0.00	0.00%	0.00610	0.000	6.00%	1.144
			313.20										
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%	0.753
			158.76										
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%	1.624
			36.00										
Schaumburg	0.00	0.00	0.00	13.04	0.00	1.00%	2.00%	0.03	5.00%	0.00000	0.000	6.00%	0.5130
			96.00										
Wheeling	0.00	22.23	0.00	8.02	3.00	1.00%	1.00%	0.00	4.00%	0.00610	0.050	6.00%	1.5610
			16.20										



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Village of Arlington Heights  
Illinois**

For the Fiscal Year Beginning

**January 1, 2020**

*Christopher P. Morill*

Executive Director

# FINANCIAL PERFORMANCE GOALS

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

## REVENUE PERFORMANCE GOALS

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

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

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

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

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

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

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

## OPERATION EXPENDITURES PERFORMANCE GOALS

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

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

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

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

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

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

# FINANCIAL PERFORMANCE GOALS

(Continued)

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

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

## RESERVE PERFORMANCE GOALS

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

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

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

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

## INVESTMENT PERFORMANCE GOALS

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

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

The Village will follow the Investment and Depository Policy approved by the Village Board in March 2020. Any changes to that policy must be approved by the Village Board of Trustees.



# **FINANCIAL PERFORMANCE GOALS**

(Continued)

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

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

## **CAPITAL IMPROVEMENT PERFORMANCE GOALS**

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

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

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

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

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

## **DEBT PERFORMANCE GOALS**

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

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

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

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

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

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

# FINANCIAL PERFORMANCE GOALS

(Continued)

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

## FINANCIAL REPORTING PERFORMANCE GOALS

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

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

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

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

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

# BUDGET DOCUMENT PURPOSE & CONTENT

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## PURPOSE

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

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

## CONTENT

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

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

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

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

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

# BUDGET DOCUMENT PURPOSE & CONTENT

(Continued)

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

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

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

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

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

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

# BUDGET DOCUMENT PURPOSE & CONTENT

(Continued)

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

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

## DEPARTMENT/FUND RELATIONSHIP

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

VILLAGE OF ARLINGTON HEIGHTS

# ALL FUNDS SUMMARY

FUND	REVENUES	2018 Actual	2019 Actual	2020 Est. Actual	2020 Budget	2021 Budget	\$ Change	% Change
101	GENERAL	75,927,450	78,759,674	74,624,900	78,526,500	<b>78,507,100</b>	(19,400)	(0.0%)
211	MOTOR FUEL TAX	1,933,232	2,479,042	4,354,000	2,504,000	<b>4,654,000</b>	2,150,000	85.9%
215	CDBG	313,695	379,583	438,300	673,461	<b>537,300</b>	(136,161)	(20.2%)
217	AFFORDABLE HOUSING FUND	0	314,524	201,600	395,000	<b>150,000</b>	(245,000)	(62.0%)
225	ZERO INTEREST LOAN FUND	0	457,690	250,000	78,000	<b>311,700</b>	233,700	299.6%
227	FOREIGN FIRE INSURANCE TAX	135,844	145,668	131,700	132,500	<b>132,500</b>	0	0.0%
231	CRIMINAL INVESTIGATIONS	483,662	210,041	103,700	103,700	<b>103,700</b>	0	0.0%
235	MUNICIPAL PARKING	2,251,903	1,469,402	2,694,500	1,293,500	<b>1,047,000</b>	(246,500)	(19.1%)
263	TIF IV	608,253	658,790	591,300	591,300	<b>591,300</b>	0	0.0%
264	TIF V	753,103	772,100	746,200	746,200	<b>746,200</b>	0	0.0%
266	HICKORY/KENSINGTON TIF	613,509	551,651	568,500	568,500	<b>568,500</b>	0	0.0%
267	S AH RD TIF	0	0	0	0	<b>100,000</b>	100,000	N/A
301	DEBT SERVICE	7,900,998	17,350,183	7,701,400	7,713,350	<b>7,525,600</b>	(187,750)	(2.4%)
401	CAPITAL PROJECTS	8,062,168	9,071,105	10,821,000	7,917,700	<b>6,545,000</b>	(1,372,700)	(17.3%)
426	STORM WATER CONTROL	11,845,786	3,994,970	1,679,400	3,979,400	<b>2,661,400</b>	(1,318,000)	(33.1%)
431	PUBLIC BUILDING	270,840	266,179	205,000	0	<b>0</b>	0	N/A
505	WATER & SEWER	19,487,806	20,266,521	30,827,300	30,043,200	<b>22,091,200</b>	(7,952,000)	(26.5%)
511	SOLID WASTE DISPOSAL	1,958,862	2,057,864	1,959,000	1,960,000	<b>1,960,000</b>	0	0.0%
515	ARTS, ENTERTAINMENT & EVENTS	850,654	861,341	581,200	894,100	<b>1,209,100</b>	315,000	35.2%
605	HEALTH INSURANCE	12,067,478	14,834,668	13,421,000	12,657,200	<b>13,459,600</b>	802,400	6.3%
611	GENERAL LIABILITY INSURANCE	696,701	995,216	870,600	867,400	<b>875,800</b>	8,400	1.0%
615	WORKERS' COMPENSATION	1,859,784	2,937,893	2,529,000	2,196,000	<b>2,288,800</b>	92,800	4.2%
621	FLEET OPERATIONS	4,126,580	4,091,361	3,738,800	3,747,700	<b>4,696,300</b>	948,600	25.3%
625	TECHNOLOGY	1,712,934	1,759,240	1,899,100	1,890,600	<b>3,891,600</b>	2,001,000	105.8%
705	POLICE PENSION	863,954	33,049,273	8,770,400	9,669,000	<b>9,633,000</b>	(36,000)	(0.4%)
711	FIRE PENSION	3,968,718	24,605,251	8,156,000	10,000,000	<b>9,813,000</b>	(187,000)	(1.9%)
<b>TOTAL REVENUES</b>		<b>158,693,914</b>	<b>222,339,230</b>	<b>177,863,900</b>	<b>179,148,311</b>	<b>174,099,700</b>	<b>(5,048,611)</b>	<b>(2.8%)</b>

FUND	EXPENDITURES	2018 Actual	2019 Actual	2020 Est. Actual	2020 Budget	2021 Budget	\$ Change	% Change
101	GENERAL	75,869,463	78,586,185	77,088,800	78,788,478	<b>79,198,800</b>	410,322	0.5%
211	MOTOR FUEL TAX	1,978,399	1,873,979	2,513,200	2,513,206	<b>4,114,500</b>	1,601,294	63.7%
215	CDBG	313,695	379,583	438,300	673,461	<b>537,300</b>	(136,161)	(20.2%)
217	AFFORDABLE HOUSING FUND	0	0	0	25,000	<b>25,000</b>	0	0.0%
225	ZERO INTEREST LOAN FUND	0	48,300	260,000	150,000	<b>250,000</b>	100,000	66.7%
227	FOREIGN FIRE INSURANCE TAX	122,596	162,350	264,800	264,754	<b>250,000</b>	(14,754)	(5.6%)
231	CRIMINAL INVESTIGATIONS	608,315	522,946	316,100	321,060	<b>327,300</b>	6,240	1.9%
235	MUNICIPAL PARKING	1,426,172	1,548,506	1,974,700	2,004,645	<b>1,655,600</b>	(349,045)	(17.4%)
263	TIF IV	93,052	58,789	590,000	1,012,114	<b>600,000</b>	(412,114)	(40.7%)
264	TIF V	2,587	13,609	12,000	358,206	<b>2,477,000</b>	2,118,794	591.5%
266	HICKORY/KENSINGTON TIF	32,060	30,000	20,900	895,900	<b>1,590,000</b>	694,100	77.5%
267	S AH RD TIF	0	0	0	0	<b>70,800</b>	70,800	N/A
301	DEBT SERVICE	7,172,000	17,365,175	7,671,400	7,671,400	<b>7,483,600</b>	(187,800)	(2.4%)
401	CAPITAL PROJECTS	7,089,737	8,665,505	6,899,900	10,942,240	<b>9,932,200</b>	(1,010,040)	(9.2%)
426	STORM WATER CONTROL	2,324,962	8,944,698	4,985,400	9,247,403	<b>7,318,700</b>	(1,928,703)	(20.9%)
431	PUBLIC BUILDING	23,855,550	884,362	60,000	702,780	<b>3,230,000</b>	2,527,220	359.6%
505	WATER & SEWER	17,596,685	21,550,764	23,760,400	24,543,889	<b>25,139,400</b>	595,511	2.4%
511	SOLID WASTE DISPOSAL	1,968,304	2,077,690	1,907,700	1,914,000	<b>2,086,600</b>	172,600	9.0%
515	ARTS, ENTERTAINMENT & EVENTS	752,234	851,786	533,200	885,234	<b>872,700</b>	(12,534)	(1.4%)
605	HEALTH INSURANCE	14,967,184	14,716,427	12,899,900	12,898,400	<b>13,596,500</b>	698,100	5.4%
611	GENERAL LIABILITY INSURANCE	729,491	538,495	627,900	858,000	<b>873,000</b>	15,000	1.7%
615	WORKERS' COMPENSATION	2,193,701	2,891,814	2,373,700	2,758,400	<b>2,812,000</b>	53,600	1.9%
621	FLEET OPERATIONS	3,382,028	3,627,157	4,608,400	5,867,379	<b>3,487,200</b>	(2,380,179)	(40.6%)
625	TECHNOLOGY	1,522,499	1,535,758	2,414,400	2,495,740	<b>5,891,600</b>	3,395,860	136.1%
705	POLICE PENSION	7,534,845	8,469,326	9,105,900	8,962,700	<b>10,039,100</b>	1,076,400	12.0%
711	FIRE PENSION	7,073,466	7,451,501	7,948,100	7,964,000	<b>8,645,500</b>	681,500	8.6%
<b>TOTAL EXPENDITURES</b>		<b>178,609,025</b>	<b>182,794,705</b>	<b>169,275,100</b>	<b>184,718,389</b>	<b>192,504,400</b>	<b>7,786,011</b>	<b>4.2%</b>

## VILLAGE OF ARLINGTON HEIGHTS

**FUND BALANCE SUMMARY 2021**

Fund	Fund Name	1/01/21 Projected Beginning Fund Balance (Deficit)	2021 Revenues & Transfers In	2021 Expenditures & Transfers Out	2021 Revenues Over (Under) Expenditures	12/31/21 Estimated Ending Fund Balance (Deficit)
101	General	\$28,414,829	\$78,507,100	\$79,198,800	(\$691,700)	\$27,723,129
211	Motor Fuel Tax	4,746,608	4,654,000	4,114,500	539,500	5,286,108
215	CDBG	0	537,300	537,300	0	0
217	Affordable Housing	516,124	150,000	25,000	125,000	641,124
225	Zero Interest Loan	399,390	311,700	250,000	61,700	461,090
227	Foreign Fire Insurance Tax	292,006	132,500	250,000	(117,500)	174,506
231	Criminal Investigations	1,490,874	103,700	327,300	(223,600)	1,267,274
235	Municipal Parking	5,355,680	1,047,000	1,655,600	(608,600)	4,747,080
263	TIF IV	2,822,719	591,300	600,000	(8,700)	2,814,019
264	TIF V	2,897,042	746,200	2,477,000	(1,730,800)	1,166,242
266	Hickory/Kensington TIF	2,225,032	568,500	1,590,000	(1,021,500)	1,203,532
267	S AH Rd TIF	0	100,000	70,800	29,200	29,200
301	Debt Service	2,212,035	7,525,600	7,483,600	42,000	2,254,035
401	Capital Projects	15,021,798	6,545,000	9,932,200	(3,387,200)	11,634,598
426	Storm Water Control	6,632,178	2,661,400	7,318,700	(4,657,300)	1,974,878
431	Public Building	3,230,368	0	3,230,000	(3,230,000)	368
505	Water & Sewer	9,562,046	22,091,200	25,139,400	(3,048,200)	6,513,846
511	Solid Waste Disposal	3,950,275	1,960,000	2,086,600	(126,600)	3,823,675
515	Arts, Entertainment & Events	115,295	1,209,100	872,700	336,400	451,695
605	Health Insurance	4,007,578	13,459,600	13,596,500	(136,900)	3,870,678
611	General Liability Insurance	3,968,492	875,800	873,000	2,800	3,971,292
615	Workers' Compensation Insurance	4,516,630	2,288,800	2,812,000	(523,200)	3,993,430
621	Fleet Operations	6,949,005	4,696,300	3,487,200	1,209,100	8,158,105
625	Technology	2,171,019	3,891,600	5,891,600	(2,000,000)	171,019
705	Police Pension	148,010,807	9,633,000	10,039,100	(406,100)	147,604,707
711	Fire Pension	124,091,596	9,813,000	8,645,500	1,167,500	125,259,096
<b>TOTAL ALL VILLAGE FUNDS</b>		<b>\$383,599,426</b>	<b>\$174,099,700</b>	<b>\$192,504,400</b>	<b>(\$18,404,700)</b>	<b>\$365,194,726</b>

1. The General Fund shows a slight deficit for the 2021 budget due to the expected decrease in Revenues from the Coronavirus Pandemic. The current financial condition of the fund is healthy as it continues to maintain a fund balance over 25% of annual expenditures and retains adequate reserves.
2. The Motor Fuel Tax Fund shows a planned surplus due to additional funding from the Rebuild Illinois Bond Grant to complete various road improvements throughout the Village.
3. Affordable Housing Fund accounts for cash payments received in lieu of constructing affordable housing. These funds will be used to create and preserve permanent attainable housing.
4. Zero Interest Loan Fund is designed to provide financial assistance to prospective and existing businesses within the Village of Arlington Heights. The program is intended to assist companies' growth within the Village.
5. Foreign Fire Insurance Tax Fund - Insurance companies that do not maintain offices within the State but market fire insurance policies within the State pay an additional tax of 2% to the municipality where the policy is written. These funds are used for the betterment of the fire services and are controlled by a separate Board of Directors including the Fire Chief and firefighters per State Statute. Prior year revenues are being expensed this year, creating the operating deficit.
6. Criminal Investigations Fund - Assets seized under State and Federal statutes are accounted for in this fund and used for the advancement of law enforcement. These funds are not budgeted for day-to-day Police Department operations but are generally one time capital expenditures of current and prior year revenues.



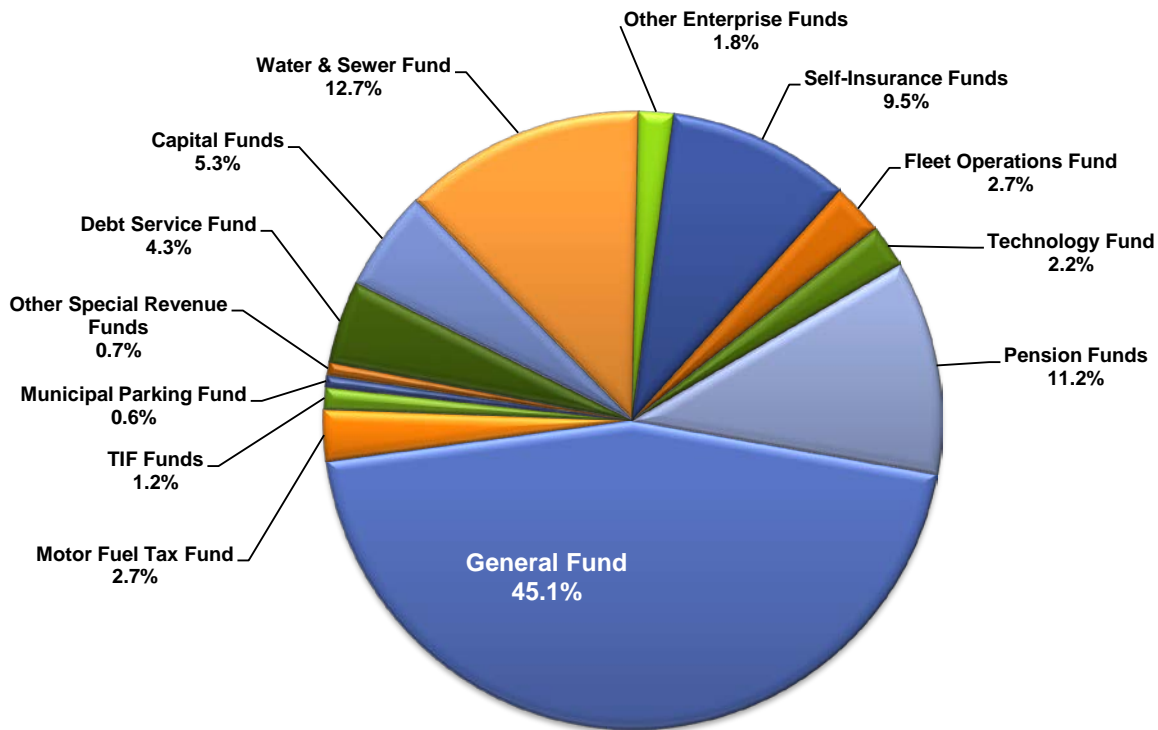
## FUND BALANCE SUMMARY 2021

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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.
8. TIF IV shows a deficit as planned improvement projects are expected to outpace current year revenue.
9. TIF V shows a deficit as planned improvement projects are expected to outpace current year revenue.
10. Hickory/Kensington TIF shows a deficit as planned improvement projects are expected to outpace current year revenue.
11. S Arlington Heights Rd TIF shows a surplus as reserves accumulate for future improvements.
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. The final contingent projects will be completed at the end of 2021, at which time the remaining funds will be transferred out.
16. The Water & Sewer Fund shows a planned operating deficit due to planned projects outpacing revenue. The planned service rate increase for 2021 is 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 slight planned operating deficit due to the potential of large health insurance claims. Actual year end results generally come in better than budgeted. This fund is operated on a pay as you go basis with a reserve for large claims.
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 81.9% and 77.3% respectively. Per current State Statute, 90% funding must be reached by 2040.

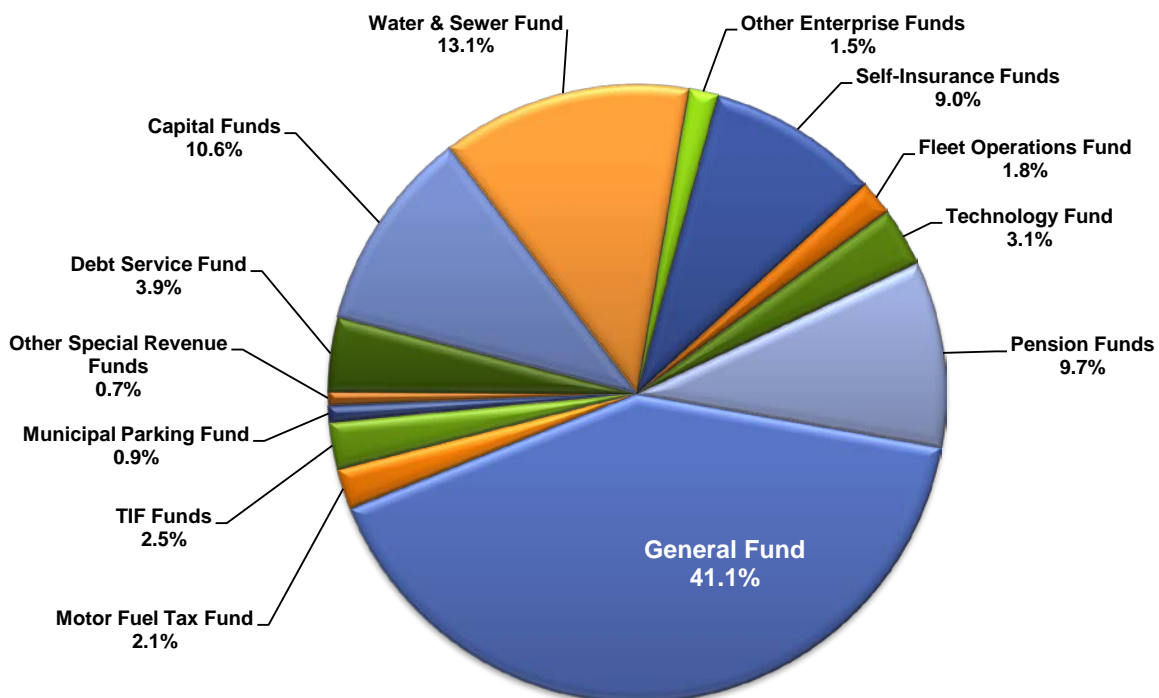
## ALL FUNDS REVENUES

### 2021 Budget



## ALL FUNDS EXPENDITURES

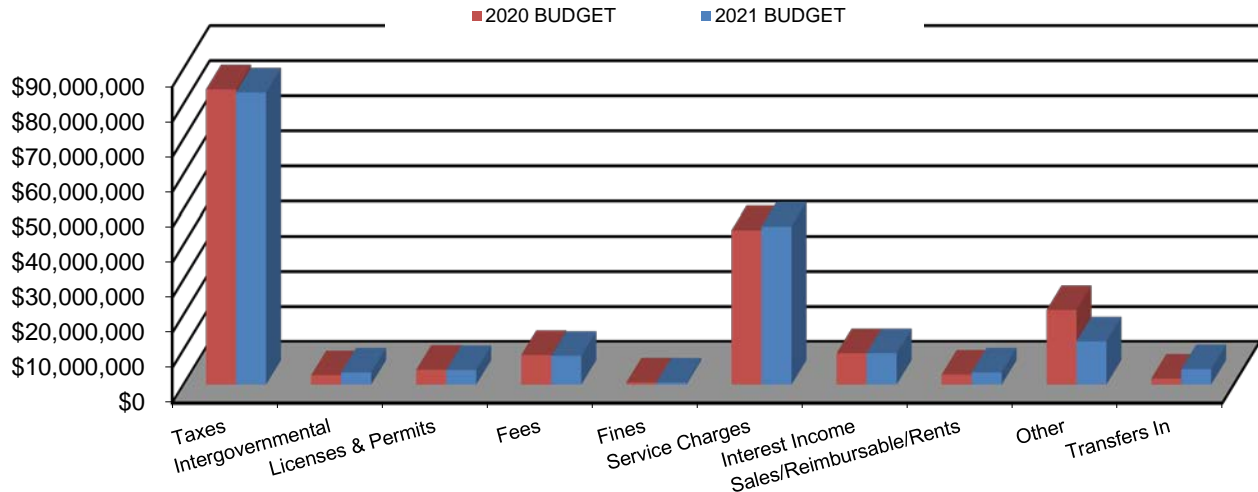
### 2021 Budget



# WHERE THE MONEY COMES FROM

## ALL FUNDS REVENUES

2020 Budget vs. 2021 Budget



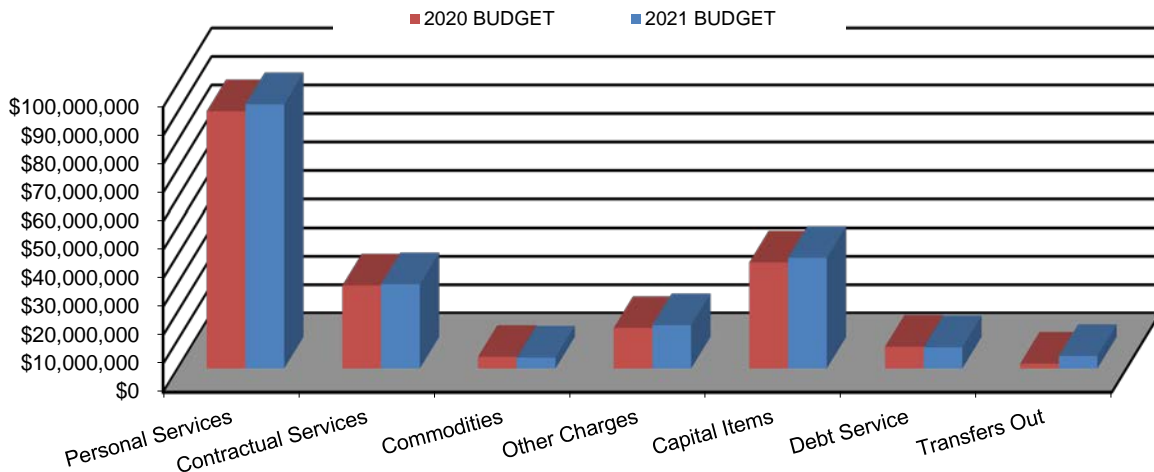
	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2021 BUDGET	% CHANGE
<b>Taxes</b>	80,742,551	83,106,534	84,106,150	<b>83,186,900</b>	(1.1%)
<b>Intergovernmental</b>	552,903	2,663,468	2,688,661	<b>3,498,300</b>	30.1%
<b>Licenses &amp; Permits</b>	4,314,641	4,834,759	4,262,500	<b>4,177,000</b>	(2.0%)
<b>Fees</b>	8,457,306	8,770,175	8,474,400	<b>8,242,400</b>	(2.7%)
<b>Fines</b>	639,367	558,423	661,100	<b>621,100</b>	(6.1%)
<b>Service Charges</b>	39,003,305	40,386,570	44,013,200	<b>45,066,000</b>	2.4%
<b>Interest Income</b>	(7,412,029)	46,105,661	8,965,300	<b>8,976,300</b>	0.1%
<b>Sales/Reimbursable/Rents</b>	3,758,875	5,479,767	2,869,700	<b>3,504,400</b>	22.1%
<b>Other</b>	23,905,983	24,673,170	21,313,200	<b>12,369,200</b>	(42.0%)
	153,962,902	216,578,527	177,354,211	<b>169,641,600</b>	(4.3%)
<b>Reserves</b>	0	0	61,000	<b>36,000</b>	(41.0%)
<b>Transfers In</b>	4,731,012	5,760,703	1,733,100	<b>4,422,100</b>	155.2%
<b>Total Revenues</b>	158,693,914	222,339,230	179,148,311	<b>174,099,700</b>	(2.8%)

NOTE: **Intergovernmental** revenues increased over prior year due to the DCEO Grant for Storm Sewer Improvements and from the State's Capital Grant Program for the MFT Street Rehab Program. **Fines** decreased primarily from the reduction of Parking and Other Fines received compared to prior year. **Sales/Reimbursable/Rent** increased mainly from retiree payments in the Health Insurance Fund that are not Medicare eligible. **Other** revenues decreased mainly from the Bond Proceeds received in the prior year in the Parking Fund, Capital Projects Fund and Water and Sewer Fund. **Reserves** decreased as a result of a reduction in the number of projects for Metropolis. **Transfers In** increased due to a planned transfer from the Public Building Fund into the Arts, Ent & Events Fund, Fleet Fund and Technology Fund.

# WHERE THE MONEY GOES

## ALL FUNDS EXPENDITURES

2020 Budget vs. 2021 Budget



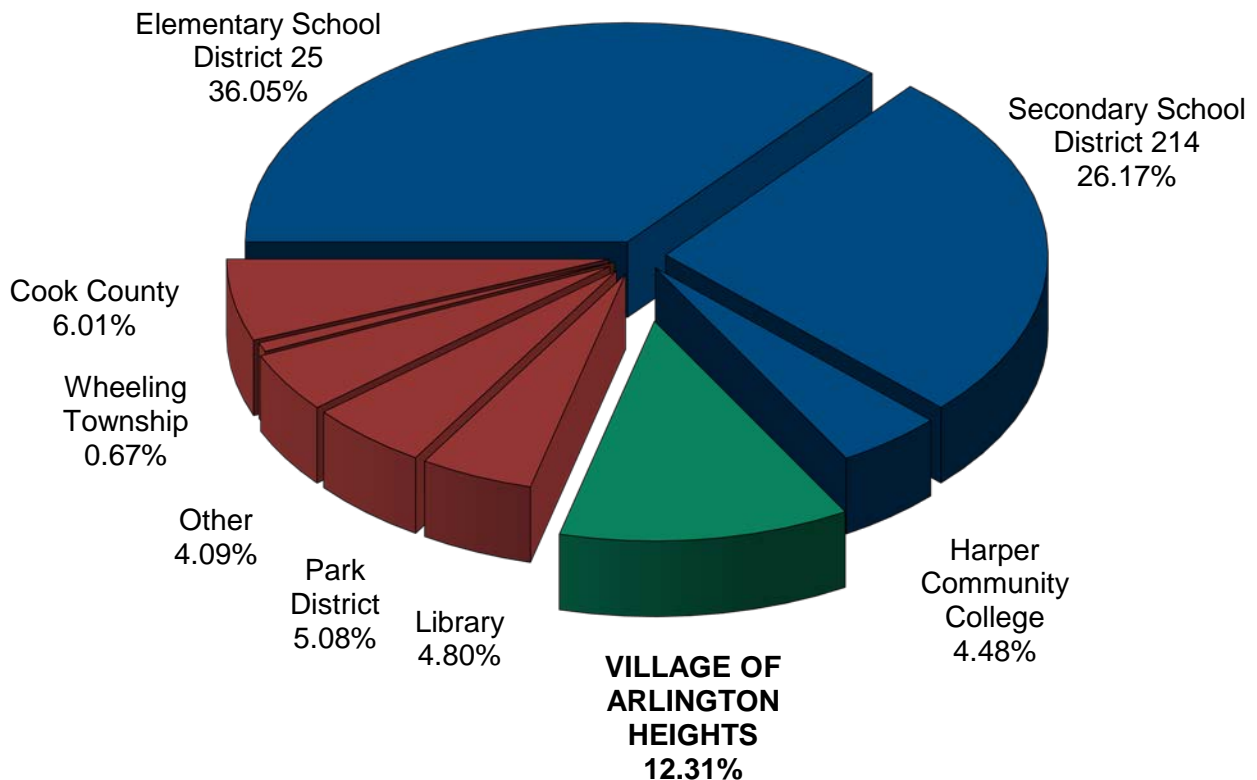
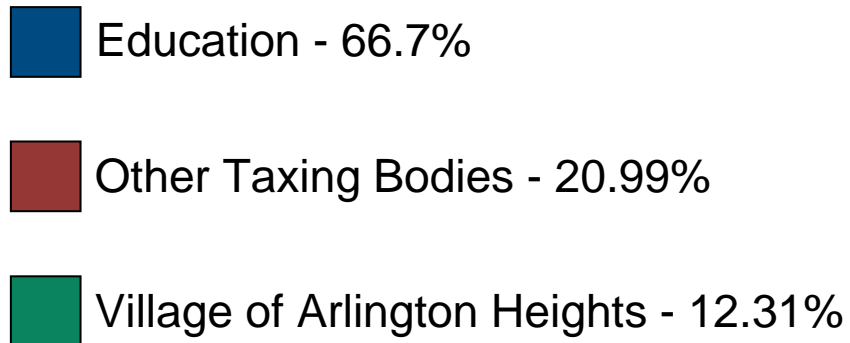
	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2021 BUDGET	% CHANGE
<b>Personal Services</b>	81,631,473	85,073,639	90,267,200	<b>92,739,100</b>	2.7%
<b>Contractual Services</b>	26,821,472	27,622,623	29,257,852	<b>29,702,800</b>	1.5%
<b>Commodities</b>	3,392,289	4,072,480	4,136,654	<b>3,875,500</b>	(6.3%)
<b>Other Charges</b>	16,119,879	15,974,173	14,281,223	<b>15,286,600</b>	7.0%
<b>Capital Items</b>	38,740,900	27,036,664	37,370,960	<b>38,994,700</b>	4.3%
<b>Debt Service</b>	7,172,000	17,254,423	7,671,400	<b>7,483,600</b>	(2.4%)
	173,878,013	177,034,002	182,985,289	<b>188,082,300</b>	2.8%
<b>Transfers Out</b>	4,731,012	5,760,703	1,733,100	<b>4,422,100</b>	155.2%
<b>Total Expenditures</b>	178,609,025	182,794,705	184,718,389	<b>192,504,400</b>	4.2%

NOTE: **Commodities** decreased from the reduction of Medical Supplies needed along with the lower cost of Petroleum Products. **Other Charges** increased mainly from Medical Insurance claims being increased based on prior year experience. **Transfers Out** increased due to the transfer from the closed Public Building Fund to the the Arts, Entertainment & Events, Fleet and Technology Funds.

# Arlington Heights

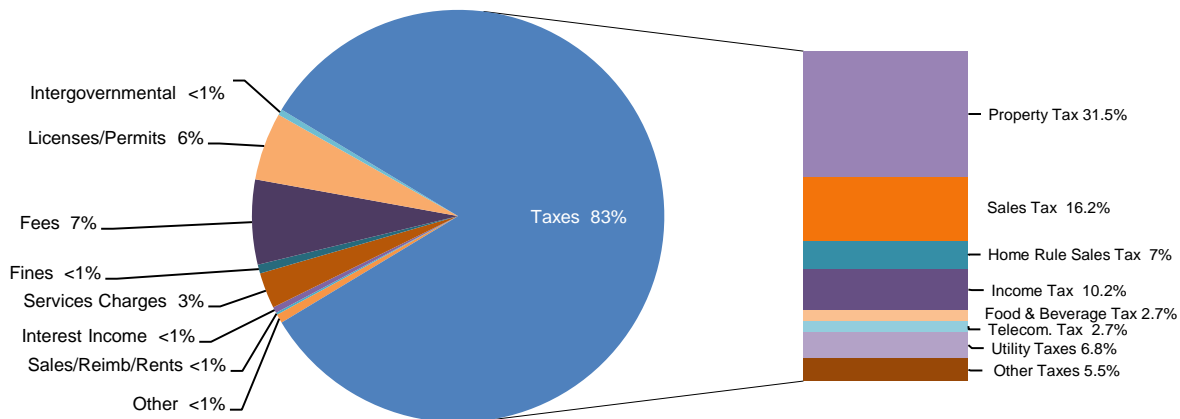
## 2019 PROPERTY TAX BILL

(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 12.31% OF THE ENTIRE PROPERTY TAX BILL.

# WHERE THE MONEY COMES FROM GENERAL FUND REVENUES 2021



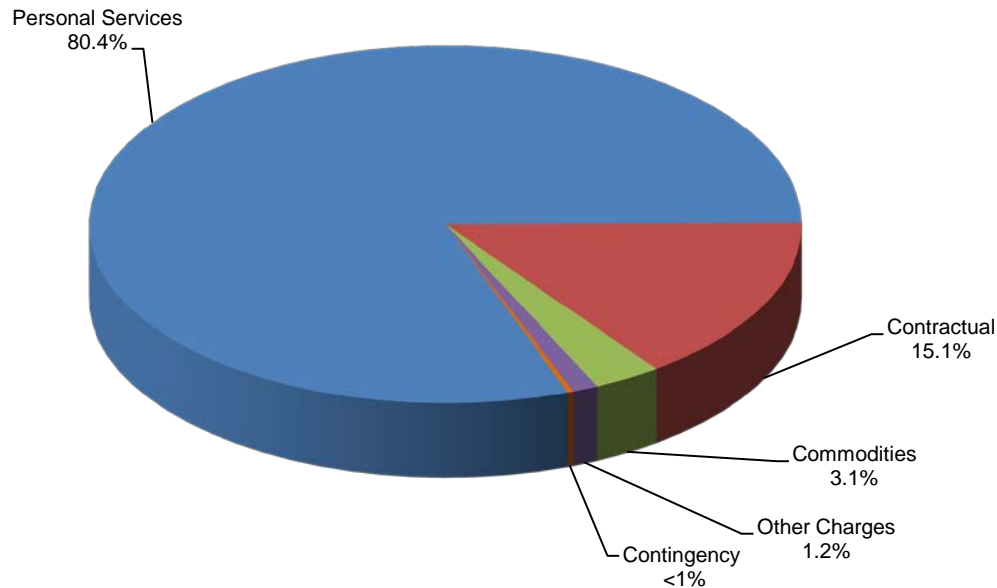
	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2021 BUDGET	% CHANGE
<b>Taxes</b>	62,247,827	64,139,809	64,883,400	<b>64,951,600</b>	0.1%
<b>Intergovernmental</b>	273,471	321,524	308,000	<b>361,000</b>	17.2%
<b>Licenses &amp; Permits</b>	4,314,641	4,834,759	4,262,500	<b>4,177,000</b>	(2.0%)
<b>Fees</b>	5,143,499	5,398,268	5,226,800	<b>5,213,600</b>	(0.3%)
<b>Fines</b>	535,678	488,364	571,100	<b>546,100</b>	(4.4%)
<b>Service Charges</b>	2,057,768	2,112,976	2,145,700	<b>2,203,800</b>	2.7%
<b>Interest Income</b>	474,476	676,476	411,000	<b>370,000</b>	(10.0%)
<b>Sales/Reimb/Rents</b>	127,393	118,549	143,000	<b>130,000</b>	(9.1%)
<b>Other</b>	552,697	468,949	375,000	<b>354,000</b>	(5.6%)
<b>Other Financing</b>	200,000	200,000	200,000	<b>200,000</b>	0.0%
<b>Total Revenue</b>	<b>75,927,450</b>	<b>78,759,674</b>	<b>78,526,500</b>	<b>78,507,100</b>	(0.0%)

NOTE: **Intergovernmental** increased due to a new agreement with the AHML where they receive part of PPRT and they reimburse the Village for services provided. **Interest Income** has been decreased to match actual earnings. **Sales/Reimb/Rents** decrease was due to the decrease in Rents and Concessions. **Other** decreased from the prior year mainly from decrease in funding for the Arlington Heights Emergency Account and Wellness Programs.

# WHERE THE MONEY GOES

## GENERAL FUND EXPENDITURES

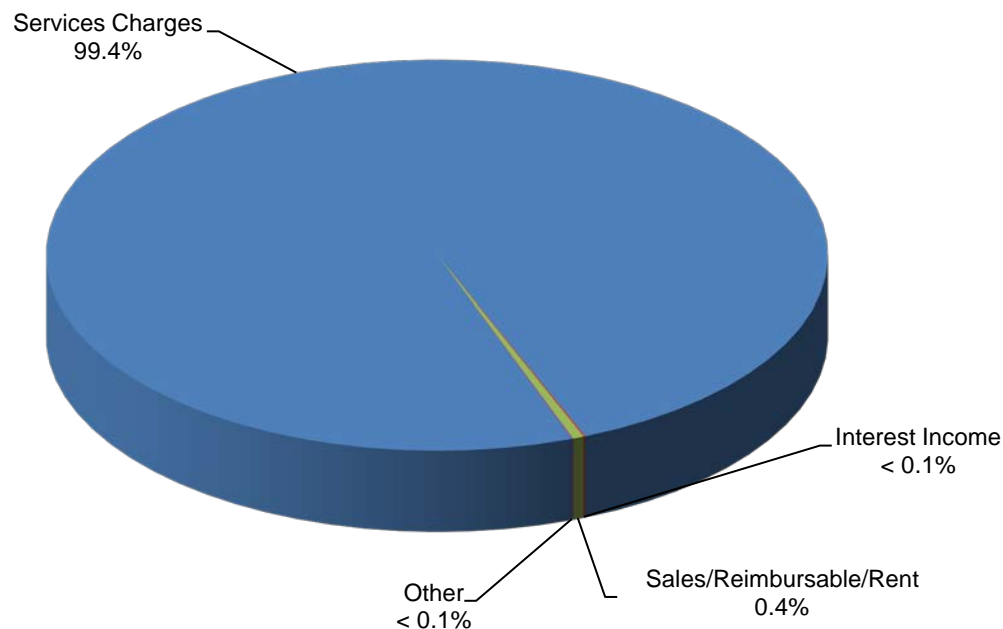
### 2021



	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2021 BUDGET	% CHANGE
<b>Personal Services</b>	58,119,457	60,136,434	63,148,800	<b>63,683,500</b>	0.8%
<b>Contractual Services</b>	11,144,878	11,571,570	11,971,681	<b>11,965,200</b>	(0.1%)
<b>Commodities</b>	2,182,503	2,470,770	2,699,429	<b>2,433,000</b>	(9.9%)
<b>Other Charges</b>	927,613	954,741	893,368	<b>917,100</b>	2.7%
<b>Contingency</b>	0	0	75,200	<b>200,000</b>	166.0%
<b>Transfers Out</b>	3,495,012	3,452,670	0	<b>0</b>	0.0%
<b>Total Expenditures</b>	<b>75,869,463</b>	<b>78,586,185</b>	<b>78,788,478</b>	<b>79,198,800</b>	0.5%

NOTE: **Commodities** decreased from the reduction of Medical Supplies needed along with the lower cost of Petroleum Products. **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, 2020 budget shows that there is \$75,200 remaining of the \$225,000 contingency budget.

# WHERE THE MONEY COMES FROM WATER & SEWER FUND REVENUES 2021



	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2021 BUDGET	% CHANGE
<b>Services Charges</b>	18,199,275	18,454,496	21,405,200	<b>21,953,200</b>	2.6%
<b>Interest Income</b>	22,924	43,175	20,000	<b>20,000</b>	0.0%
<b>Sales/Reimbursable/Rent</b>	118,586	144,533	98,000	<b>98,000</b>	0.0%
<b>Other</b>	1,147,021	1,624,317	8,520,000	<b>20,000</b>	(99.8%)
<b>Total Revenues</b>	<b>19,487,806</b>	<b>20,266,521</b>	<b>30,043,200</b>	<b>22,091,200</b>	<b>(26.5%)</b>

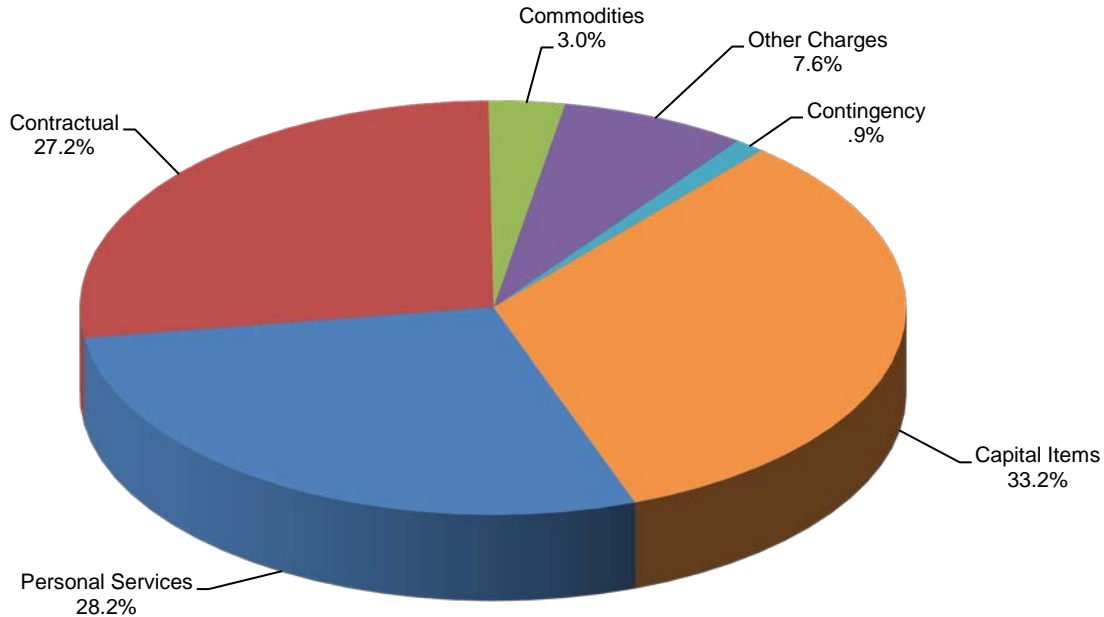
NOTE: **Service Charges** include sales for water and sewer service. Water consumption has been projected based on the anticipated usage, which has been trending lower. A combined water and sewer rate increase of 5% previously approved is effective as of January 1, 2021. **Other** decreased from a bond issuance in 2020.



# WHERE THE MONEY GOES

## WATER & SEWER FUND EXPENDITURES

### 2021



	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2021 BUDGET	% CHANGE
<b>Personal Services</b>	6,319,648	6,574,667	7,014,800	<b>7,082,600</b>	1.0%
<b>Contractual</b>	6,128,213	6,294,565	6,684,050	<b>6,834,000</b>	2.2%
<b>Commodities</b>	601,835	1,007,287	759,500	<b>748,400</b>	(1.5%)
<b>Other Charges</b>	1,786,592	1,716,928	1,783,400	<b>1,836,500</b>	3.0%
<b>Contingency</b>	0	0	95,000	<b>300,000</b>	215.8%
<b>Capital Items</b>	2,760,397	5,957,317	7,707,139	<b>8,337,900</b>	8.2%
<b>Transfers Out</b>	0	0	500,000	<b>0</b>	N/A
<b>Total Expenditures</b>	<b>17,596,685</b>	<b>21,550,764</b>	<b>24,543,889</b>	<b>25,139,400</b>	<b>2.4%</b>

NOTES: **Contingency** is budgeted each year, but if used, is classified as an expenditure type. If not used it becomes part of available reserves. As of the date of this writing, the year ending December 31, 2020 budget shows that \$95,000 of the \$200,000 contingency budget remains. **Capital Items** increased from the prior year due to the budgeted projects for Emergency Generator Upgrades, Water Tank Repainting and the Risk and Resiliency plan for the Water Mains.

# VILLAGE OF ARLINGTON

# EMPLOYEE CENSUS

Ten Year Analysis

		8 Mon. Per.									
		Ending									
		Dec. 2015									
DEPARTMENT		FY2013	FY2014	FY2015	2016	2017	2018	2019	2020	2021	
Integrated Services	Full-Time	6.00	6.00	5.00	11.00	11.00	11.00	10.00	10.00	11.00	11.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Human Resources	Full-Time	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
	Part-Time	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	Full-Time	17.00	17.00	18.00	18.00	17.00	17.00	16.00	16.00	15.00	15.00
	Part-Time	1.00	1.00	0.00	0.00	1.00	1.00	2.00	2.00	3.00	3.00
IT/GIS	Full-Time	6.00	6.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	Full-Time	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00	137.00
	Part-Time	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police Grant	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	Full-Time	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
	Part-Time	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Planning & Comm Devlp	Full-Time	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Services	Full-Time	14.50	14.50	16.50	16.50	17.00	17.00	17.00	18.00	18.00	18.00
	Part-Time	3.00	3.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00
Health Services	Full-Time	9.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00
	Part-Time	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Services	Full-Time	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Part-Time	5.00	5.00	5.00	3.00	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	0.00	0.00	0.00	(1)
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works	Full-Time	42.00	42.00	42.00	42.00	42.00	41.00	51.00	51.00	51.00	(2)
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Utility Operations	Full-Time	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Services	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	Full-Time	417.00	417.00	419.00	420.00	420.00	418.00	417.00	419.00	417.00	
	Part-Time	20.00	20.00	16.00	14.00	16.00	17.00	18.00	17.00	18.00	
TOTAL EMPLOYEES		437.00	437.00	435.00	434.00	436.00	435.00	435.00	436.00	435.00	
INCREASE (DECREASE)		0.00	0.00	(2.00)	(1.00)	2.00	(1.00)	0.00	1.00	(1.00)	
FULL-TIME EQUIVALENTS (FTE)		427.25	427.25	427.25	427.25	428.25	426.75	426.25	427.75	426.25	
INCREASE (DECREASE)		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 2021

OPERATION	STAFFING			EXPENDITURES			
	2020 Budget	2021 Budget	Inc (Dec)	2020 Budget	2021 Budget	\$ Inc (Dec)	% Inc (Dec)
Board of Trustees	0.00	0.00		\$179,300	\$178,900	(\$400)	(0.2%)
Integrated Services	11.50	11.50		3,691,140	7,111,400	3,420,260	92.7%
Human Resources	4.00	4.00		16,083,100	16,843,500	760,400	4.7%
Legal	2.75	1.75	(1.00)	784,500	719,700	(64,800)	(8.3%)
Finance	17.00	16.50	(0.50)	3,727,200	3,836,500	109,300	2.9%
Boards & Commissions	0.00	0.00		261,534	248,900	(12,634)	(4.8%)
Metropolis Theater	0.00	0.00		369,000	345,000	(24,000)	(6.5%)
Police/Police Grant	139.00	139.00		28,220,179	28,013,100	(207,079)	(0.7%)
Fire	110.00	110.00		24,263,664	24,247,000	(16,664)	(0.1%)
Planning & Community Development	10.00	10.00		4,993,072	7,416,900	2,423,828	48.5%
Building Services	18.00	18.00		2,849,700	2,815,300	(34,400)	(1.2%)
Health & Human Services	13.00	13.00		2,441,360	2,475,900	34,540	1.4%
Public Works	51.25	51.25		36,834,017	35,560,400	(1,273,617)	(3.5%)
Criminal Investigations	0.00	0.00		321,060	327,300	6,240	1.9%
Foreign Fire Insurance Tax	0.00	0.00		264,754	250,000	(14,754)	(5.6%)
Comm Development Block Grant Progr:	0.00	0.00		612,961	474,800	(138,161)	(22.5%)
Water Utility Operations	40.75	40.75		16,468,132	16,666,000	197,868	1.2%
Parking Operations	0.00	0.00		672,800	686,000	13,200	2.0%
Solid Waste Disposal	0.00	0.00		1,407,700	1,580,300	172,600	12.3%
Municipal Fleet Services	10.50	10.50		2,432,400	2,586,000	153,600	6.3%
Pensions	0.00	0.00		16,926,700	18,684,600	1,757,900	10.4%
Capital Projects - Water/Sewer	0.00	0.00		6,392,657	7,056,000	663,343	10.4%
Capital Projects - Equipment	0.00	0.00		3,482,479	979,400	(2,503,079)	(71.9%)
Capital Projects - Public Buildings	0.00	0.00		642,780	0	(642,780)	(100.0%)
Debt Service	0.00	0.00		7,671,400	7,483,600	(187,800)	(2.4%)
Sub-Total	427.75	426.25	(1.50)	\$181,993,589	\$186,586,500	\$4,592,911	2.5%
Non-Operating & Transfers Out	N/A	N/A	N/A	2,724,800	5,809,900	3,085,100	113.2%
<b>TOTAL</b>	<b>427.75</b>	<b>426.25</b>	<b>(1.50)</b>	<b>\$184,718,389</b>	<b>\$192,396,400</b>	<b>\$7,678,011</b>	<b>4.2%</b>

VILLAGE OF ARLINGTON HEIGHTS

**INTERFUND TRANSFERS 2021**

FUND	IN	OUT	PURPOSE
101 General (Corporate) Fund	200,000		SWANCC (from Fund 511)
	<u>\$ 200,000</u>	<u>\$ -</u>	
301 Debt Service Fund	692,100		Storm Water Control (from 426)
	<u>\$ 692,100</u>	<u>\$ -</u>	
401 Capital Projects Fund	300,000		SWANCC (from Fund 511)
	<u>\$ 300,000</u>	<u>\$ -</u>	
426 Storm Water Control Fund		692,100	Debt Service for GO Bond (to Fund 301)
	<u>\$ -</u>	<u>\$ 692,100</u>	
431 Public Building Fund		450,000	Arts, Entertainment & Events Fund (to Fund 515)
		780,000	Fleet Fund (to Fund 621)
		2,000,000	Technology Fund (to Fund 625)
	<u>\$ -</u>	<u>\$ 3,230,000</u>	
511 SWANCC Fund		200,000	General Fund (to Fund 101)
		300,000	Capital Projects (to Fund 401)
	<u>\$ -</u>	<u>\$ 500,000</u>	
515 Arts, Entertainment & Events	450,000		Public Building Fund (from Fund 431)
	<u>\$ 450,000</u>	<u>\$ -</u>	
621 Fleet Fund	780,000		Public Building Fund (from Fund 431)
	<u>\$ 780,000</u>	<u>\$ -</u>	
625 Technology Fund	2,000,000		Public Building Fund (from Fund 431)
	<u>\$ 2,000,000</u>	<u>\$ -</u>	
<b>TOTAL</b>	<b><u>\$ 4,422,100</u></b>	<b><u>\$ 4,422,100</u></b>	

## 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 2021 budget.

### CAPITAL SPENDING

Building & Land	\$ 2,060,800
Equipment	6,632,900
Signals	194,500
Storm Water Control	7,626,600
Streets	12,866,800
Sewer	450,000
Vehicles	979,400
Water	<u>6,606,000</u>
<b>TOTAL</b>	<b><u>\$ 37,417,000</u></b>

### CAPITAL FUNDING

Capital Projects Fund	\$ 9,818,000
Motor Fuel Tax Fund	4,114,500
Storm Water Control Fund	7,626,600
Water & Sewer Fund	8,337,900
Municipal Parking Operations Fund	346,500
TIF Funds	1,687,800
Arts, Entertainment & Events Fund	75,000
Fleet Operations Fund	1,032,400
Technology Fund	4,241,800
Criminal Investigation Fund	111,500
Foreign Fire Insurance Tax Fund	<u>25,000</u>
<b>TOTAL</b>	<b><u>\$ 37,417,000</u></b>

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

CAPITAL SPENDING	FUND	PROJ #	2020 EST ACTUAL	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	2025 BUDGET
Building & Land									
Overhead Door Replacement/Repair	Cap Proj	BL-90-04	20,000	20,000	20,000	20,000	20,000	35,000	30,000
Overhead Door Replacement/Repair	Water	BL-90-04	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Public Works Annex Improvements	Cap Proj	BL-93-02	10,000	10,000	10,000	24,000	10,000	10,000	10,000
Public Works Annex Improvements	Water	BL-93-02	20,000	20,000	20,000	19,000	19,000	19,000	350,000
Building Equipment Replacement	Cap Proj	BL-95-04	42,000	42,000	30,000	27,900	77,500	23,000	30,000
Municipal Buildings Refurbishing	Cap Proj	BL-95-05	108,000	108,000	44,000	271,400	178,200	40,000	30,000
Municipal Buildings Refurbishing	Fleet	BL-95-05	0	0	53,000	0	0	0	0
Roof Maintenance Program	Cap Proj	BL-95-06	15,000	15,000	0	0	515,000	600,000	492,500
Roof Maintenance Program	Water	BL-95-06	197,800	197,800	0	0	0	600,000	492,500
Heating Plant/Air Conditioner Replacement	Cap Proj	BL-96-01	114,100	114,100	65,000	240,000	0	0	85,000
Ongoing Maintenance to Brick Exteriors	Cap Proj	BL-96-03	40,000	40,000	30,000	160,000	30,000	30,000	40,000
Ongoing Maintenance to Brick Exteriors	Parking	BL-96-03	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Historical Society Museum - Building Repairs	Cap Proj	BL-96-04	50,000	50,000	50,500	25,000	25,000	45,000	45,000
Parking Structure Maintenance/Repairs	Parking	BL-00-06	204,800	204,800	283,500	548,500	920,400	296,500	594,500
Other Building Costs	Pub Bld	BL-11-10	0	18,800	0	0	0	0	0
Police Station - Architect	Pub Bld	BL-16-01	0	124,000	0	0	0	0	0
TIF IV Redevelopment	TIF IV	BL-16-05	525,000	750,000	500,000	500,000	500,000	500,000	500,000
Police Station - Contingency	Pub Bld	BL-16-20	0	500,000	0	0	0	0	0
Metropolis Theater - Replace Flooring MPAC	A&E	BL-17-06	0	25,000	36,000	0	0	0	0
Hickory Kensington TIF District Redevelopment	TIF HK	BL-18-01	0	800,000	800,000	500,000	500,000	500,000	500,000
IRMA Compliance Upgrades	Water	BL-19-02	16,400	16,400	0	0	0	0	0
LED Parking Garage Lighting Conversions	Parking	BL-19-03	48,000	48,000	48,000	48,000	48,000	0	0
Vail Garage Parking Guidance System	Parking	BL-19-05	244,700	244,700	0	0	0	0	0
Downtown Parking Signs	Parking	BL-19-06	175,000	165,300	0	0	0	0	0
Electric Vehicle Charging Stations, Vail Parking Garage	Cap Proj	BL-20-01	30,000	30,000	0	0	0	0	0
Senior Center Study	Pub Bld	BL-20-02	60,000	60,000	0	0	0	0	0
Seized Vehicle & Long-Term Bulk Evidence Storage Struc.	Crim Inv	BL-21-01	0	0	0	362,300	0	0	0
Municipal Parking Lot Improvements	Parking	BL-21-02	0	0	0	200,000	0	0	0
S Arlington Heights Rd Redevelopment	TIF S AH Rd	BL-21-03	0	0	55,800	0	0	0	0
Sub-Total Building & Land			1,935,800	3,618,900	2,060,800	2,961,100	2,858,100	2,713,500	3,214,500
Equipment									
Operational Equipment - Public Works	Cap Proj	EQ-94-01	93,300	93,300	49,700	38,400	50,000	396,700	108,000
Operational Equipment - Public Works	Water	EQ-94-01	143,100	143,100	147,000	108,000	112,000	142,000	159,000
Operational Equipment - Police Department	Cap Proj	EQ-95-01	81,800	81,800	46,000	46,000	46,000	47,000	47,000
Operational Equipment - Police Department	Crim Inv	EQ-95-01	84,100	84,100	100,000	100,000	27,000	87,000	121,800
Operational Equipment - Fire Department	Cap Proj	EQ-95-02	166,100	236,100	145,500	132,500	122,500	235,600	737,200
Operational Equipment - Fire Department	FFIT	EQ-95-02	0	0	25,000	25,000	25,000	25,000	25,000
Office Equipment	Cap Proj	EQ-95-03	98,000	103,000	75,000	35,000	45,000	35,000	30,000
Office Equipment	Water	EQ-95-03	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Operational Equipment - Municipal Fleet Services	Cap Proj	EQ-97-01	47,500	47,500	78,200	38,200	3,500	61,000	91,000
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	529,200	529,200	922,400	0	521,900	0	0
Operational Equipment - Information Technology	Cap Proj	EQ-01-03	120,000	120,000	126,500	126,500	141,500	126,500	126,500
Metropolis Theater Capital Equipment	A&E	EQ-06-03	17,300	38,000	39,000	40,000	41,000	42,000	43,000
Patrol Vehicle Equipment Replacement Program	Cap Proj	EQ-08-03	91,200	91,200	30,000	27,500	27,000	27,000	42,000
Patrol Vehicle Equipment Replacement Program	Crim Inv	EQ-08-03	0	0	11,500	11,500	0	12,000	0
Operational Equipment - Municipal Parking Fund	Parking	EQ-09-01	10,000	10,000	10,000	10,000	10,000	10,000	10,000
SCADA Enhancements	Water	EQ-15-25	219,100	219,100	61,500	63,300	65,200	30,000	75,000
Pumps & Motor Controls Rehab and Replacement	Water	EQ-15-30	163,900	163,900	106,000	64,600	94,600	90,000	100,000
Metropolis Theater Edison For Grid	A&E	EQ-17-08	0	11,000	0	0	0	0	0
Metropolis Theater Replace Smoke Detectors	A&E	EQ-17-10	0	25,000	0	0	0	0	0
Metropolis Theater LED Series 2	A&E	EQ-17-11	0	0	0	32,500	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	14,000	0	0	0
Stage Light Control Systems - Dimmer Rack	A&E	EQ-19-03	0	0	0	0	0	40,000	40,000
Village ERP Software Replacement	IT	EQ-19-04	600,000	600,000	4,000,000	0	0	0	0
Phone System Upgrade	Cap Proj	EQ-21-01	0	0	175,000	0	0	0	0
A/V System Upgrades	Cap Proj	EQ-21-02	0	0	227,800	0	0	0	0
Metropolis Theater - Wireless Headsets/Base	A&E	EQ-21-03	0	0	0	20,000	0	0	0
Sub-Total Equipment			2,721,400	2,853,100	6,632,900	1,189,800	1,624,000	1,663,600	2,012,300
Signals									
Traffic Signal Maintenance	MFT	SG-03-02	112,100	112,100	114,500	116,800	119,100	121,400	123,700
Traffic Signal Improvements at Northwest Hwy/Wilke Rd	Cap Proj	SG-08-02	36,200	36,200	0	0	0	0	0
Traffic Signal Pedestrian Upgrade - Central Rd/Arthur Ave	Cap Proj	SG-14-10	52,300	52,300	0	0	0	0	0
Algonquin Rd. and New Wilke Rd Intersection Impr.	Cap Proj	SG-17-01	200,000	200,000	80,000	0	35,000	380,000	0
Pedestrian/Bicycle crossing Lake-Cook Rd./Wilke Rd.	Cap Proj	SG-18-01	247,400	50,000	0	0	0	0	0
Sub-Total Signals			648,000	450,600	194,500	116,800	154,100	501,400	123,700

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

			2020	2020	2021	2022	2023	2024	2025
CAPITAL SPENDING			FUND	PROJ #	EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
<b>Streets</b>									
Street Program	Cap Proj	ST-90-08	3,900,000	6,719,400	6,200,000	5,600,000	5,600,000	5,600,000	5,600,000
Street Rehabilitation Program	MFT	ST-90-09	2,401,100	2,401,100	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Sidewalk & Curb Replacement	Cap Proj	ST-90-11	529,900	529,900	405,000	415,000	425,000	435,000	445,000
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	160,000	0	160,000	0	0	0
Street Light Cable Replacement	Cap Proj	ST-00-01	10,000	10,000	10,000	10,000	10,000	20,000	20,000
Paver Brick Maintenance	Cap Proj	ST-05-01	89,600	501,600	412,000	400,000	100,000	100,000	100,000
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	10,400	210,400	200,000	110,000	0	0	0
Northwest Highway (Rt. 14) Corridor Landscaping Impr.	Cap Proj	ST-16-20	18,100	119,100	101,000	75,000	77,000	0	0
Davis Street/Sigwalt Street Fencing/Landscape Upgrade	Cap Proj	ST-17-02	23,900	23,900	0	0	0	0	0
Rand Road Corridor Identification Enhancement	Cap Proj	ST-17-20	7,700	237,700	230,000	140,400	226,200	43,000	0
Rand Road Corridor Identification Enhancement	TIF V	ST-17-20	11,200	343,200	332,000	243,300	28,800	101,800	0
Downtown Outdoor Living Room	Cap Proj	ST-17-25	0	0	0	20,000	0	0	0
Downtown Light Ceiling	Cap Proj	ST-17-26	0	1,200	0	0	0	0	0
Kensington Road & Multi-Use Path Improvements	Cap Proj	ST-18-01	0	300,000	300,000	0	0	0	0
Surface Treatment - Streets	Cap Proj	ST-18-02	150,000	150,000	150,000	300,000	300,000	300,000	300,000
LED Street Lighting Conversions	Cap Proj	ST-19-01	64,000	64,000	64,000	64,000	64,000	64,000	64,000
South Arlington Heights Road Corridor	Cap Proj	ST-19-03	0	55,800	55,800	0	0	0	0
Bike Plan/Bike Route Pavement Marking	Cap Proj	ST-19-04	0	20,000	20,000	20,000	20,000	20,000	20,000
Vail Ave Permeable Paver / Pedestrian Mall Preliminary Eng.	Cap Proj	ST-20-01	6,000	6,000	0	0	0	0	0
Windsor Drive Road Diet	Cap Proj	ST-21-01	0	0	50,000	0	0	0	0
Weber Dr/Old Wilke Rd Street Reconstruction	Cap Proj	ST-21-02	0	0	52,000	32,000	160,000	0	0
Wilke Road Resurfacing & Multi-Use Path Extension	Cap Proj	ST-21-03	0	0	75,000	170,000	855,000	0	0
<b>Sub-Total Streets</b>			<b>7,431,900</b>	<b>12,063,300</b>	<b>12,866,800</b>	<b>11,969,700</b>	<b>12,076,000</b>	<b>10,893,800</b>	<b>10,759,000</b>
<b>Sewers</b>									
Sewer Rehab/Replacement Program	Water	SW-90-01	425,000	425,000	450,000	475,000	475,000	475,000	475,000
Backyard Drainage Improvements	Storm Water	SW-11-02	599,500	599,500	400,000	300,000	0	300,000	300,000
Storm Sewer Rehab/Replacement Program	Storm Water	SW-15-20	1,163,300	1,163,300	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	135,000	135,000	75,000
Storm Water Control - Cypress Detention Basin/Lift Station	Storm Water	SW-18-02	1,007,300	1,007,300	0	0	0	0	0
Greenbriar/ Roanoke/ Wilke	Storm Water	SW-18-03	750,000	3,191,600	3,191,600	0	0	0	0
Campbell/ Sigwalt	Storm Water	SW-18-04	350,000	60,400	0	0	0	0	0
Area C/NW Burr Oak Burning Tree & C/SE Berkley/Hintz	Storm Water	SW-20-01	175,000	1,637,000	3,285,000	0	0	0	0
Area C/SE - Hintz Rd W of AH Rd	Storm Water	SW-20-02	0	648,000	0	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	25,000	50,000	50,000
Area F - Forrest Ave Stormwater Improvements	Storm Water	SW-21-01	0	0	0	0	1,200,000	0	0
<b>Sub-Total Sewers</b>			<b>4,720,100</b>	<b>8,982,100</b>	<b>8,076,600</b>	<b>1,525,000</b>	<b>2,335,000</b>	<b>2,260,000</b>	<b>1,400,000</b>
<b>Vehicles</b>									
Vehicle and Special Equipment Repl. - Public Works	Fleet	VH-95-01	1,503,200	2,473,200	467,000	745,100	1,241,300	897,100	2,032,000
Vehicle and Special Equipment Repl. - Water & Sewer	Fleet	VH-95-02	267,700	366,100	0	311,900	30,100	501,700	1,367,900
Vehicle Replacement - Police Department	Fleet	VH-95-03	385,700	247,600	297,200	313,200	220,500	526,800	353,100
Vehicle Replacement - Fire Department	Fleet	VH-95-04	78,900	161,700	58,200	1,304,100	1,598,500	710,500	1,215,600
Vehicle Replacement - Municipal Fleet Services	Fleet	VH-95-06	0	52,000	48,000	0	0	58,500	0
Vehicle Replacement - Municipal Parking Operations	Fleet	VH-95-08	0	109,000	109,000	0	0	0	67,000
Vehicle Replacement - Building & Health Services Dept.	Fleet	VH-95-10	0	73,000	0	42,300	0	0	99,300
Vehicle Replacement - Planning	Fleet	VH-95-12	0	0	0	0	0	25,500	0
<b>Sub-Total Vehicles</b>			<b>2,235,500</b>	<b>3,482,600</b>	<b>979,400</b>	<b>2,716,600</b>	<b>3,090,400</b>	<b>2,720,100</b>	<b>5,134,900</b>
<b>Water</b>									
Watermain Replacement Program	Water	WA-90-01	4,589,600	4,589,600	4,000,000	4,100,000	4,200,000	4,300,000	4,400,000
Residential Meter & AMR System Replacement	Water	WA-03-02	100,000	100,000	0	1,037,300	1,050,000	1,050,000	1,050,000
Water Tank Repainting	Water	WA-11-01	978,000	978,000	1,820,000	660,000	1,155,000	490,000	1,850,000
Deep Well Rehabilitation	Water	WA-11-02	0	0	0	0	15,000	15,000	0
Commercial Meter Replacements	Water	WA-20-01	300,000	300,000	0	300,000	300,000	300,000	300,000
Risk & Resiliency Plan	Water	WA-21-01	0	0	786,000	20,000	20,600	21,200	21,900
<b>Sub-Total Water</b>			<b>5,967,600</b>	<b>5,967,600</b>	<b>6,606,000</b>	<b>6,117,300</b>	<b>6,740,600</b>	<b>6,176,200</b>	<b>7,621,900</b>
			<b>25,660,300</b>	<b>37,418,200</b>	<b>37,417,000</b>	<b>26,596,300</b>	<b>28,878,200</b>	<b>26,928,600</b>	<b>30,266,300</b>

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

<b>CAPITAL FUNDING BY FUND</b>	<b>2020 EST ACTUAL</b>	<b>2020 BUDGET</b>	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>2023 BUDGET</b>	<b>2024 BUDGET</b>	<b>2025 BUDGET</b>
Capital Projects Fund	6,682,500	10,699,500	<b>9,818,000</b>	8,778,800	9,373,400	8,883,800	8,703,200
Water & Sewer Fund	7,707,100	7,707,100	<b>8,337,900</b>	6,872,200	8,078,300	7,607,200	9,348,400
Motor Fuel Tax Fund	2,513,200	2,513,200	<b>4,114,500</b>	4,116,800	4,119,100	4,121,400	4,123,700
Criminal Investigation Fund	84,100	84,100	<b>111,500</b>	473,800	27,000	99,000	121,800
Municipal Parking Operations Fund	687,500	677,800	<b>346,500</b>	811,500	983,400	311,500	609,500
TIF Funds	536,200	2,053,200	<b>1,687,800</b>	1,403,300	1,028,800	1,101,800	1,000,000
Storm Water Control Fund	4,295,100	8,557,100	<b>7,626,600</b>	1,050,000	1,835,000	1,735,000	875,000
Public Buildings Fund	60,000	702,800	<b>0</b>	0	0	0	0
Arts, Entertainment & Events Fund	17,300	99,000	<b>75,000</b>	106,500	76,000	82,000	83,000
Fleet Operations Fund	2,235,500	3,482,600	<b>1,032,400</b>	2,716,600	3,090,400	2,720,100	5,134,900
Technology Fund	841,800	841,800	<b>4,241,800</b>	241,800	241,800	241,800	241,800
Foreign Fire Insurance Tax Fund	0	0	<b>25,000</b>	25,000	25,000	25,000	25,000
<b>Total Capital Funding</b>	<b>25,660,300</b>	<b>37,418,200</b>	<b>37,417,000</b>	<b>26,596,300</b>	<b>28,878,200</b>	<b>26,928,600</b>	<b>30,266,300</b>

<b>CAPITAL FUNDING BY REVENUE SOURCE</b>	<b>2020 EST ACTUAL</b>	<b>2020 BUDGET</b>	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>2023 BUDGET</b>	<b>2024 BUDGET</b>	<b>2025 BUDGET</b>
Charges to Operations	3,077,300	4,324,400	<b>1,274,200</b>	2,958,400	3,332,200	2,961,900	5,376,700
Motor Fuel Tax Allotment	2,700,000	2,500,000	<b>3,000,000</b>	3,000,000	3,000,000	3,000,000	3,000,000
Taxes							
Food & Beverage Tax	17,300	99,000	<b>75,000</b>	106,500	76,000	82,000	83,000
Property Tax	5,500,000	5,500,000	<b>4,400,000</b>	4,600,000	4,800,000	5,000,000	5,200,000
Property Tax Increment	536,200	2,053,200	<b>1,687,800</b>	1,403,300	1,028,800	1,101,800	1,000,000
Home Rule Sales Tax	1,460,700	1,829,000	<b>1,645,000</b>	1,720,700	1,772,300	1,825,500	1,880,300
Water Sales	7,707,100	7,707,100	<b>8,337,900</b>	6,872,200	8,078,300	7,607,200	9,029,500
Bond Proceeds	13,704,000	8,500,000	<b>0</b>	0	0	0	0
Other (including parking fees & interest income)	1,814,000	1,517,200	<b>1,490,500</b>	1,395,500	1,395,500	1,395,500	1,395,500
Grants/State/Federal/County/Private	2,601,000	1,800,000	<b>2,650,000</b>	1,650,000	0	0	0
Operating Transfer In	320,000	320,000	<b>300,000</b>	300,000	300,000	300,000	300,000
Cash on Hand/Reserves	(13,777,300)	1,268,300	<b>12,556,600</b>	2,589,700	5,095,100	3,654,700	3,001,300
<b>Total Capital Funding</b>	<b>25,660,300</b>	<b>37,418,200</b>	<b>37,417,000</b>	<b>26,596,300</b>	<b>28,878,200</b>	<b>26,928,600</b>	<b>30,266,300</b>



## CAPITAL IMPROVEMENT PROGRAM (CIP) IMPACT ON THE 2021 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 2021 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:** \$4,000,000

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

### TECHNOLOGY

**Project Name:** Village ERP Software Replacement

**Description:** Replacement of current ERP software utilized by employees.

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

**Operating Budget Impact:** New workflow efficiencies can be gained by replacing the Village's current ERP software. The Village's current ERP software was implemented in 1996 and newer software providers offer much more proven capabilities that the Village needs to offer the efficiency and online services that are now expected by our residents, such as the ability to opt-in to paperless billing. It is expected that overtime costs can be reduced in several areas because of efficiencies gained.

# DEBT SUMMARY

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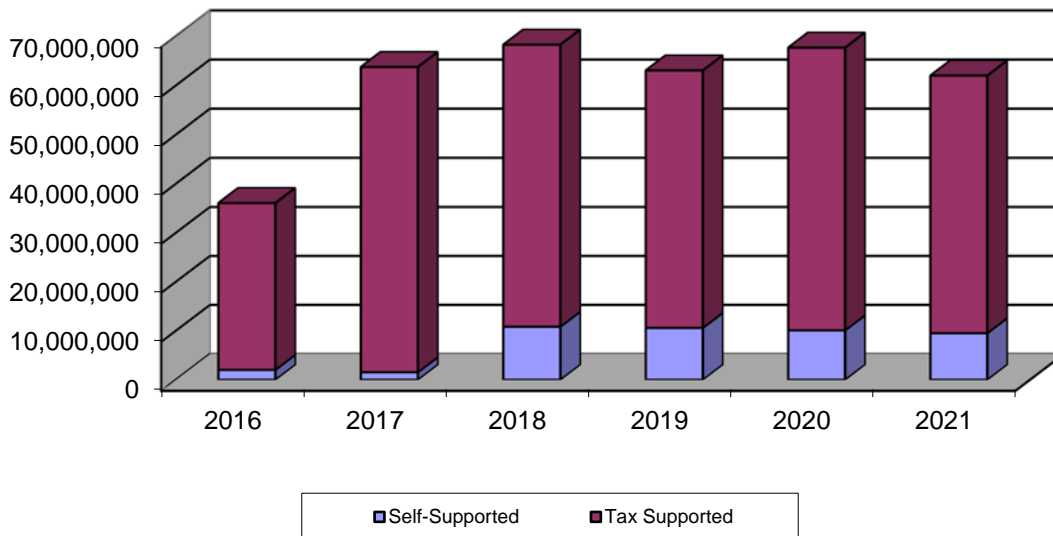
## OVERVIEW AND DEBT FINANCING PRINCIPLES

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

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

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

**VILLAGE OF ARLINGTON HEIGHTS**  
**Outstanding Bond Debt (Principal Only)**  
**Fiscal Years Ending 2016 through 2021**

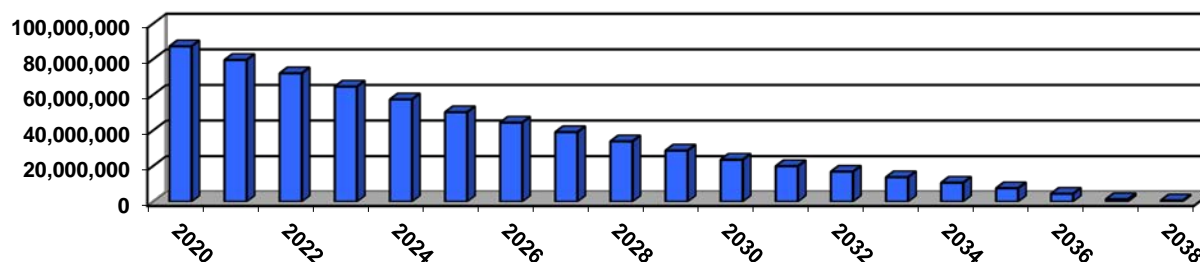


# DEBT SUMMARY

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

**Total Principal & Interest Outstanding**  
**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:

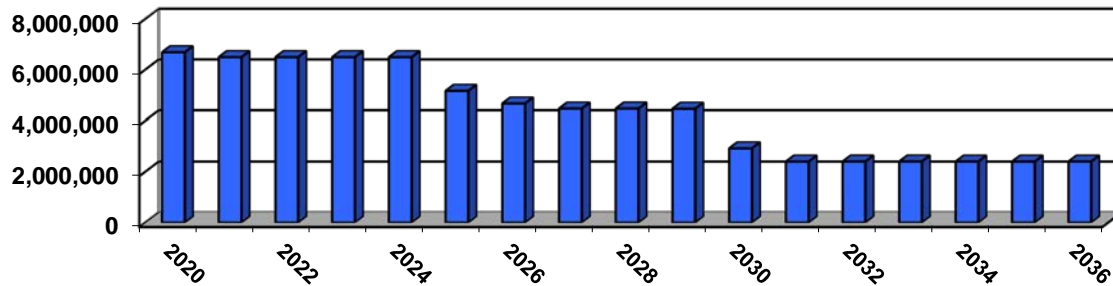
- General Obligation/General Obligation Alternate Revenue
- Water and Sewer Revenue
- Installment Contract
- Special Service Area
- Special Assessment

# DEBT SUMMARY

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

## Tax Supported Debt Service Payments by Fiscal Year 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, 2020

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	550,000
2012A G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,670,000	12/1/2022	3,520,000
2016 G. O. Police Station Bonds	Design and build new police station	32,900,000	12/1/2036	29,350,000
2018 G. O. Storm Sewer Bonds	Improvement of storm sewer infrastructure	9,530,000	12/1/2038	8,960,000
2019 G. O. Refunding Bonds	Partial Refunding of 2011 Refunding Bonds	7,985,000	12/1/2026	7,985,000
2020 G. O. Water Main, St., Parking Bonds	Water Main replacement, street and parking infrastructure	13,700,000	12/1/2030	11,650,000
<b>TOTAL ALL BONDS</b>				<b>62,015,000</b>

## ANNUAL DEBT SERVICE REQUIREMENTS

(PRINCIPAL AND INTEREST)

ISSUE	FUNDING SOURCE	2017 ACTUAL	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET
2006A Refunding of 1997C & 1998A	Property Tax	357,000	358,800	0	0	0
2011 Partial Refunding of 2004 Public Bldg	Property Tax	439,300	442,650	187,931	0	0
2012A Partial Refunding of 2004 Public Bldg	Property Tax	1,170,400	1,150,400	1,130,400	2,110,400	2,215,400
2013 Partial Refunding of 2006 Public Bldg	Property Tax	2,242,000	1,671,200	2,080,000	0	0
2014 Road Improvements	Property Tax	1,501,050	1,500,550	1,503,850	885,800	0
2016 Police Building	Property Tax	1,094,200	1,759,200	1,719,250	3,294,900	2,572,700
2019 Partial Refunding of 2011 Partial Refunding	Property Tax	0	0	80,959	399,250	399,250
2020 Water Main, Streets, & Parking	Property Tax	0	0	0	0	1,311,206
<b>SUBTOTAL - PROPERTY TAX</b>		6,803,950	6,882,800	6,702,390	6,690,350	6,498,556
2010 Refunding of 2002A NWCDs Building	Northwest Central Dispatch Rent	281,550	285,675	288,325	285,675	287,875
2018 Storm Sewer Improvements	Storm Water Utility Fee	0	0	690,878	689,300	691,100
<b>SUBTOTAL - OPERATING REVENUE</b>		281,550	285,675	979,203	974,975	978,975
<b>TOTAL</b>		7,085,500	7,168,475	7,681,593	7,665,325	7,477,531

## 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  
Design Commission  
Building Code Review Board  
Environmental Commission  
Housing Commission  
The Arlington Economic Alliance  
Senior Citizens Commission  
Youth Commission  
Commission for Citizens with Disabilities  
Bicycle & Pedestrian Advisory Commission  
Special Events Commission  
Arts Commission

## GOVERNMENT

(Continued)

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

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

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

### Elections

Number of Registered Voters	52,326
Number of Ballots Cast in Last Municipal Election 4-4-17	5,955

<u>Village Bond Rating</u>	Aa1
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<u>Fire ISO Rating</u>	1 (2016)
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### 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.

## 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 (2018)	\$8,757,680,051
Equalized Assessed Valuation (EAV) (2018)	\$2,918,934,761

	<u>2018 EAV</u>	<u>% of Total</u>
Residential	\$2,146,460,365	73.5%
Commercial	645,525,173	22.1%
Industrial	125,564,273	4.3%
Railroad	1,384,950	0.1%
	<u>\$2,918,934,761</u>	<u>100%</u>

## **DEMOGRAPHICS** (Continued)

### **Top Five Property Taxpayers (d)**

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

### **Other (d)**

Miles of Streets 241

#### **Water Information:**

Municipal water system main water supply

Lake Michigan water through the Northwest

Water Commission (All wells are secondary and backup sources)

Miles of Water Mains 260

Number of Water Customers 21,119

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.

### **2019 Kind of Business Report (e)**

Sales Category	Sales Volume	%
General Merchandise	\$ 628,198	4.9%
Food	1,774,744	13.8%
Restaurant Dining	1,660,136	12.9%
Apparel	329,591	2.6%
Furniture, Household	841,751	6.6%
Lumber/Building/Hardware	630,970	4.9%
Automotive/Filling Stations	3,856,710	30.0%
Drugs & Misc. Retail	1,627,354	12.7%
Agriculture & All Others	1,203,881	9.4%
Manufacturers	287,494	2.2%
Total	\$ 12,840,830	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



## **AWARDS & RECOGNITIONS**

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

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

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

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

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

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

Chaddick Municipal Development  
Process Award ..... 2010

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

CALEA Accreditation of Police Dept..... 2018

Governor's Sustainability Award ..... 2013

Community Partnership Award ..... 2013

IRMA Management Assessment Program  
Accreditation..... 2017

### **Notes:**

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