

**VILLAGE OF  
ARLINGTON HEIGHTS, ILLINOIS**

**ADOPTED**  
**BUDGET-IN-BRIEF**  
**FISCAL YEAR 2017**  
BEGINNING JANUARY 1, 2017



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

# VILLAGE OF ARLINGTON HEIGHTS

## BUDGET-IN-BRIEF 2017 **ADOPTED**

### VILLAGE BOARD

Thomas W. Hayes, Village President

Carol Blackwood, Trustee

Joseph C. Farwell, Trustee

Thomas Glasgow, Trustee

Robin La Bedz, Trustee

Bert Rosenberg, Trustee

John Scaletta, Trustee

Michael Sidor, Trustee

Jim Tinaglia, Trustee

### VILLAGE MANAGER

Randall R. Recklaus

### FINANCE DIRECTOR/TREASURER

Thomas F. Kuehne

# TABLE OF CONTENTS

---

## INTRODUCTION

Village Administration..... 1  
Organizational Chart ..... 2  
Transmittal Letter from the Village Manager ..... 3

## FINANCIAL SUMMARIES

All Funds Summary..... 18  
Fund Balance Summary..... 19  
All Funds Revenues and Expenditures ..... 21  
All Funds Graph – Where the Money Comes From..... 22  
All Funds Graph – Where the Money Goes ..... 23  
Property Tax Bill ..... 24  
General Fund Graph – Where the Money Comes From..... 25  
General Fund Graph – Where the Money Goes ..... 26  
Water & Sewer Fund Graph – Where the Money Comes From..... 27  
Water & Sewer Fund Graph – Where the Money Goes ..... 28  
Employee Census ..... 29  
Expenditures & Staffing Summary by Operation..... 30

## CIP / DEBT SERVICE

Capital Improvement Program Summary..... 31  
CIP Five Year Spending and Funding Summary ..... 32  
CIP Impact on Operating Budget ..... 35  
Debt Summary ..... 36  
Summary of Outstanding Bond Issues and Annual Debt Service Requirements ..... 39

## COMMUNITY PROFILE ..... 40

# Introduction

# VILLAGE ADMINISTRATION

## *Central Administration*

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

## *Public Safety*

Chief of Police	Gerald Mourning
Fire Chief	Kenneth Koeppen

## *Economic & Community Development*

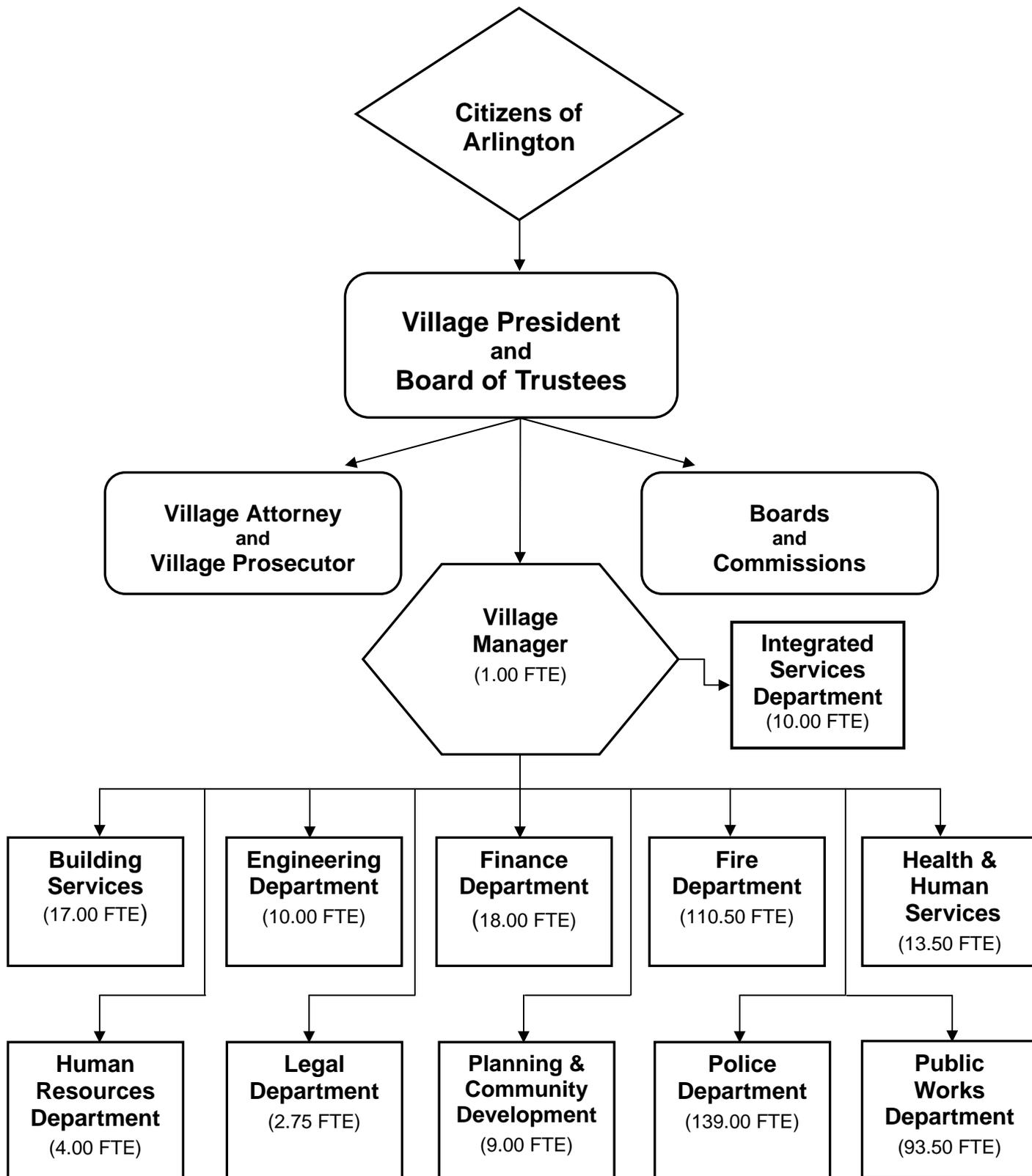
Director of Planning & Community Development	Charles Witherington-Perkins
Director of Engineering	Jim Massarelli

## *Services*

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

## *Budget Preparation*

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





## 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)

December 5, 2016

Dear President Hayes and Trustees:

I am hereby transmitting the Budget for calendar year 2017.

Over the last two years the Village has implemented a number of budget process changes to improve transparency and to more clearly tie Village Board goals to budget action plans. Two years ago the Village changed its fiscal year in order to align the budget and property tax processes, with the intent of making the tax levy process less confusing to interested parties. During the spring of 2016 a new process was begun whereby each Department Director made a presentation to the Village Board outlining their Department's scope of services, workload indicators, key accomplishments, and new initiatives. A detailed question and answer session followed each of these presentations. Following these presentations the Village Board met in April to develop their 2017 Strategic Priorities. The goal of this new process was to determine the Board's priorities early in the process so that staff's budget proposals for the following year would link up with the Village Board's priorities. In addition, this allowed for detailed operations discussions to be held during the spring, while key financial issues could be discussed during the presentation of the 2017 Budget.

### Overview of 2017 Budget Plan

The 2017 Budget maintains our existing day to day operations, which provide for a full range of general government services. During the past year Staff has undertaken a number of initiatives with the goal of enhancing customer service. These include expanding the use of social media to reach out to the community, the development of a new, more user friendly website which is expected to be rolled out early in 2017, employee customer service training, and researching the replacement of work order software used by Engineering and Public Works Staff which will improve the handling of customer service requests.

The Village also continues to prudently plan for the future by aggressively investing in our infrastructure in order to maintain safe, reliable roads, water mains and sewer lines. These plans have included funding the Parkway Ash Tree Removal & Replacement program and the cost to construct a new Police Station. Both of these projects are funded through bond issues that were sold as existing debt was retired. As a result, these projects will be completed without having to increase the Village's debt service property tax levy. Over the last few years the Village has carefully timed the funding of a number of key capital projects. Key multi-year infrastructure projects that are part of the 2017 Budget include the following:

- The final year of a program to remove/replace 13,000 parkway ash trees or 30% of the Village's tree inventory at a total project cost of \$8 million.

- Year two of a five-year plan to increase the annual water main replacement program from \$500,000 to \$3 million per year by 2020, in order to reduce the high number of water main breaks due to the advanced age of the Village's water main system.
- The second phase of a two-phase plan to increase the street resurfacing/reconstruction program by \$2.7 million per year to maintain the Village's "good" rating as identified through a recent pavement condition study. In 2016 the Village implemented Phase 1 of the plan by increasing annual street expenditures by \$2 million. The 2017 Budget includes Phase 2 which increases annual street expenditures by an additional \$700,000.
- Construction of a new Police Station that will replace the existing 38,000 square foot facility constructed in 1978. The new 70,500 square foot building will be comparable to other Police facilities that have recently been constructed.
- The third year of a five-year \$2.5 million plan to repair the Village's four public parking garages. Completing this work will return these structures, which range in age from 15 to 33 years, back to their original integrity with a new service life of 40 to 50 years. 2017 will include repairs to the Vail Street Garage located in the Downtown area.

During 2017 the Village will begin undertaking its next key infrastructure challenge – storm water control. In late spring 2016 the Village completed the utility modeling project and separate storm water control studies on the combined sewer area, and on storm water capacity and storage issues in some of the separate sewer areas. In 2016 community meetings were held to review the study results, to verify the results with community experiences, and to seek feedback on the results. In spring 2017 the Village Board will seek to prioritize the potential storm water control projects and develop a multi-year schedule of approved projects for inclusion in the 2018-2022 Capital Improvement Plan. Based on these priorities, Village Staff will present a concept for a new storm water utility fee that could cover the costs of the annual maintenance of the separate storm water system as well as any approved storm water improvement projects.

The State's budget impasse is continuing to cause funding problems for its own state-wide services, and we still expect that there will likely be ramifications on local school, park, library and municipal government budgets. In the absence of an approved State budget for the second straight year, the State is now reporting that its five retirement systems may not receive payments when due because the state's general fund may be low on cash. Illinois already has the lowest credit rating among the 50 states and a growing pile of unpaid bills. So far, the State's budget woes have not affected a majority of the State's residents. However as the State sinks further into debt, the ability to manage its dwindling finances will become much harder. As of the date of this budget letter the State is still making its required payments to municipalities, including sales, income and Motor Fuel (MFT) tax remittances. According to the Illinois Municipal League, the State is spending at a rate of nearly \$38 billion per year, while only bringing in about \$33 billion per year. This unsustainable situation continues to effect the State's cash flow position. Due to the aggressive budget actions the Village has taken over the last nine years the Village is fortunate to be in a financial position that allows us to plan for the 2017 Budget. However, if the State budget impasse continues for a prolonged period of time, the Village's longer term financial plans will be affected.

Over the past few years the Village's sales tax, income tax, and building permit fee revenue have improved which allowed the Village to keep its property tax levy down to a minimum, and to use prior year surpluses toward one-time infrastructure improvements. These results have helped the Village to maintain a solid financial position for its key operating fund, the General Fund. However; our local economy and the Village's financial position will continue to be susceptible to the effects of international and national decisions, and especially the State of Illinois' current budget issues.

The Village develops its operating and capital budget based on a conservative forecast of revenues, and does not take into account new revenues from growth unless the development is completed and has provided an historical basis for a new projection. A normal operating expense cycle is anticipated and includes expenditure increase assumptions. The Village also has access to its reserves, which are maintained in part to ensure our excellent bond rating and lower bond interest charges associated with that rating. Maintaining adequate reserves also provides a source of funds for extraordinary storm or other damages, and to provide a buffer during economic downturns. Having adequate reserves would also allow the Village the time needed to digest and plan around potential actions by the State that may divert some of the Village's revenues to State coffers. The Village's minimum fund balance policy is to maintain a fiscal year-end balance of at least 25% of General Fund expenditures. Being near or above this level is even more important for Arlington Heights due to our reliance on sales and income tax receipts which are subject to economic cycles. The 2017 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.

### **2016 Property Tax Levy Payable in 2017**

Last year the Village initiated a two-year plan to increase the street resurfacing/reconstruction program by \$2.7 million per year to maintain the Village's current condition rating as identified through a recent pavement condition study. In the prior year, the Village Board increased the Village property tax levy by \$1.5 million or 3.59%. The entire amount of the 2015 property tax increase went toward the \$2 million Phase 1 increase in annual street improvements. The balance of the Phase 1 increase came from a new annual \$500,000 transfer from the SWANCC Fund for street projects. The 2016 property tax levy increases by \$700,000 or 1.95%. This increase will allow the Village to reach its goal of increasing funding for the resurfacing/reconstruction program by \$2.7 million per year. The increase is slightly lower than the 2.1% increase outlined during the budget ceiling process in July and during last year's budget process. For the second year in a row the entire property tax increase will go toward improving the annual street infrastructure program.

2016 will also be the second year in a row that the portion of property taxes allocated to non-capital expenses will actually **decrease**. This was accomplished in part, by decreases in the Village's actuarial required contribution (ARC) to the Police and Fire Pension Funds. During the 8-month transition year the Village still provided a full year's contribution to the public safety pension funds so as to avoid a large decrease one year and a corresponding spike the following year. This additional payment reduced the unfunded liability amounts in each fund. In addition, two out of the three

investment smoothing years used by the actuary were for investment gains, while the most recent year was for an investment loss. As a result of the net investment gains, the Village's ARC decreased this year.

Since last year's and the current year's public safety pension fund investment earnings will be lower than the assumed rate of return, Staff expects that the following year's property tax levies for the public safety funds will increase. On the positive side, in 2013 when investment earnings were strong, the Village took steps to increase the mortality tables for our public safety pension funds from the UP-1994 tables to the UP-2000 tables projected to the current year. By making the change at that time, the cost increase from increasing the mortality tables was offset by the investment earnings over the assumed rate of return. A number of other area communities have been increasing their mortality tables during the last two years when investment earnings are down, which has further increased the amount they owe to their respective public safety pension funds.

The 2016 property tax levy payable in 2017 is summarized below:

	<u>Extended 2015 Levy</u>	<u>Proposed 2016 Levy For 2017</u>	<u>Dollar Change</u>	<u>% Change</u>
Village				
Capital Improvement	\$ 4,500,000	\$ 5,200,000	\$700,000	15.56%
Other Village Levies	\$28,748,168	\$28,697,950	(\$ 50,218)	(.17%)
<b>Total Estimated Village Levy</b>	<b>\$33,248,168</b>	<b>\$33,897,950</b>	<b>\$649,782</b>	<b>1.95%</b>
Library	<u>\$13,830,091</u>	<u>\$13,830,091</u>	<u>0</u>	<u>0.00%</u>
<b>Grand Total Tax Levy</b>	<b>\$47,078,259</b>	<b>\$47,728,041</b>	<b>\$649,782</b>	<b>1.38%</b>

### Budget Summary – All Funds

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

The total expenditures for all operating, capital and other funds for 2017, not including the Arlington Heights Memorial Library, comes to \$180,361,200, or an increase of \$15.6 million. This increase is primarily attributable to the following expenditure areas:

- During 2016 the Village sold a bond issue to finance the construction of a new Police Station. As a result, 2017 total budgeted revenues are significantly less when compared to 2016 revenues. The 2016 bond replaced retiring debt so that the Village's total annual debt payments will remain level. The bond proceeds will be spent down in the Public Building Fund over the next three years, with \$18,475,000 budgeted in this fund during 2017.
- The 2017 Budget will be the final year for the Emerald Ash Borer (EAB) Fund. The Village implemented a plan to remove/replace 13,000 parkway ash trees or 30% of the Village's tree inventory at an original estimated cost of \$11.2 million. However, competitive bid pricing for removal cost, more in-house removals than originally anticipated, and in-house hydro-seeding all greatly reduced the cost of the program to around \$8 million. Prior to the \$8 million bond issue which replaced retiring debt, there were three transfers from the General Fund from 2011 to 2013 totaling \$5.3 million that provided initial temporary funding for the project. As a result, when the EAB Fund is closed the Village will transfer the remaining fund balance to other funds for the following Village infrastructure improvements:
  1. \$2.7 million to the Storm Water Control Fund to cover ongoing storm sewer maintenance costs and as seed money toward one-time storm water control projects.
  2. \$2.6 million to the Capital Projects Fund to be used for catch-up on the Downtown brick paver maintenance program, and funding for the Northwest Highway and Rand Road Corridor projects.
  3. The \$94,600 balance will be transferred back to the General Fund for general government purposes.
- Without the abovementioned budgeted expense increases, total Village expenses would have reflected an overall decrease due to large decreases in the Motor Fuel Tax (MFT) Fund and the Fleet Fund. MFT expenditures in 2016 were much higher than normal due to the one-time transfer of \$2 million from the General Fund at the end of FY2015. The Village Board directed that this additional one-time funding be used to increase the amount available for the 2016 street rehabilitation program. The Fleet Fund also shows a decrease in 2017, as vehicle purchases in 2016 were much higher than normal due to a 2015 delay in the State's vehicle bidding program.

Pension costs and unfunded pension liabilities for the State's five pension funds have continued to be a topic of public conversation. It should be noted that 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. Along with all pension funds nationwide, the Village's pension funds experienced significant losses during the great recession. Investment returns improved through 2014, but the stock market has now seen sluggish returns for the past couple of years.

It should also 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 Village staff is currently comprised of about 25% Tier 2 employees. Given the high number of retirements the Village is currently experiencing, the percentage of Tier 2 employees is expected to continue to increase substantially in coming years.

### Personnel Changes

As of the fall of 2016, the Village has hired almost twice as many new employees as were hired in 2015, even though the total number of employees did not increase. This is due to the large number of retirements currently underway. While the necessary hiring to replace these employees is labor intensive, it also is an excellent opportunity for the Village to reassess the needs of each department and to recruit candidates whose skill sets complement the current challenges of the Village.

There are a number of staff position changes that net to one new position being included for the 2017 Budget. Although the Village Board approved reinstating a full-time Director of Building Services during 2016, this change will now be reflected in the 2017 Budget. This addition was offset by two decreases in staffing. A full-time Front Desk position in the Finance Department was reduced to a part-time position, and the part-time ESDA Coordinator position was eliminated in favor of a new Joint Emergency Management Coordinator position at the Northwest Central Dispatch office funded by the member communities.

A new Assistant Planner position is included for the Planning & Community Development Department. Over the last three years, in order to maintain timely and accurate reviews the Planning Department has budgeted \$75,000 in contractual services to outsource some planning tasks on an as needed basis through the use of temporary contract labor. However, since this contract agreement has been in place, the Village has found it difficult to keep that position staffed given the transient number of temporary employees. This has reduced the department's ability to address long term priorities and system improvements. As a result a new Assistant Planner will be hired and Planning's professional services account will be reduced by \$41,000 to eliminate the use of the temporary contract labor for plan reviews. With the corresponding reduction in contract labor, the net increase in the Department's budget will be \$10,000 in 2017.

Even with this one new addition the Village's total personnel count will still reflect a net decrease of 44 positions, or nearly a 10% decrease since FY2009. The 2017 total payroll cost will increase 3.3% over the prior year's wage base, including the cost of the new position and all step increases and other wage adjustments in all departments.

The 2017 Budget also includes an additional \$75,000 in professional services in the Engineering Department. Last year, the professional services account in the Engineering Department was increased by \$100,000, to outsource some of the day-to-day "resident engineer" work for the expansion of the street program rather than hire additional staff. This year's additional \$75,000 increase will be for one year only, to allow for the implementation of an annual design/oversight schedule change. The goal of the schedule change is to bid both water and street programs earlier to allow for greater coordination between the Village's infrastructure planning efforts, for construction to be completed earlier in the year, and in the hope that there will be more bidders and potentially lower prices earlier in the year.

In recent years the Village has been fortunate that our blended health insurance costs have increased moderately. To be conservative the Village's long-term projections typically assume an increase in health insurance costs of 8% per year. Based on recent discussions with the Village's health insurance carrier, medical premium costs for 2017 are budgeted to increase by only 2.8% for PPO coverage, by 2.5% for HMO coverage, and 3.8% for Dental coverage or a blended rate increase of 2.6%.

The balance of this budget message identifies the process that has been followed to prepare this financial plan for 2017, 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. As noted earlier, a new process was implemented to more clearly tie Village Board goals to budget action plans. The Village's budget and financial process begins in March of each year. At that time each Department Director presents an outline of their Department's services, workload indicators, key accomplishments, and new initiatives to the Village Board. In April the Board reviews its Strategic Priorities, which Staff will use to develop its budget proposals for the following year. In June of each year the Board reviews and approves a five-year Capital Improvement Program. In July, multi-year projections are provided to the Board for the General and Water & Sewer Funds, which are the Village's largest operating funds. These projections include an estimated property tax levy amount. Based on these projections, the Board sets budget ceilings which each department uses as an upper limit when developing its proposed spending plans. As the proposed budget is developed the estimated property tax levy may be increased or decreased depending on budget proposals for the Village Board's review.

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

Under the Budget Officer Act and the Village's purchasing guidelines, the budget may be amended by the Village Manager in the form of transfers between line items up to \$20,000. Budget transfers above this amount require the approval of the Village Board. This allows the Village the flexibility it needs to operate efficiently due to the scope of its operations. This also serves to increase the accountability of Department Directors by encouraging them to budget realistically and to keep a close watch on each expenditure line item during the year.

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

	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>
2017 Budget Ceiling	\$73,661,900	\$18,932,200
2017 Budget	<u>\$73,371,700</u>	<u>\$18,781,600</u>
Over (Under) Ceiling	\$ (290,200)	\$ (150,600)

During the department reviews, the budget team and department directors worked to prepare a budget at or below the budget ceilings. The 2017 budgets for the General Fund and the Water & Sewer Fund both fall below the budget ceilings established by the Village Board in July 2016.

### 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	30% of revenues
- Sales Tax (including Home Rule)	25%
- Income Tax	10%

The revenues listed above represent the General Fund's primary growth revenues, which pay for annual cost increases. Since the end of the recession, the Village's sales and income tax revenues have increased significantly. However, this growth trajectory is not sustainable and it is expected that increases in these revenue sources will begin to level off. The 2017 Budget for sales tax receipts still shows a 3.2% increase over the prior year due to the new Lexus dealership. These new revenues were offset somewhat by the closure of an Ashley's Furniture store. On the other hand, 2017 income tax receipts are only expected to increase by 1.2% over the prior year.

On the expenditure side, as a service organization, 79% of this Fund's expenditures are for Personal Services including benefits. On an operational basis, most of the Village's general expenditures are directed toward public safety, with the Police and Fire Departments comprising 64% of the total General Fund budget.

The 2017 General Fund budget for expenditures increases by only .7% compared to the prior year. Last year's 2016 Budget included a number of one-time expenditures and encumbrance rollovers which resulted in higher than normal expenditures in 2016. Some of the one-time prior year expenditures included additional monies for a \$40,000 Class and Compensation Study, and about \$28,000 for additional promotional testing services as the Village worked to fill a number of vacancies. The Village also sold a parcel of land to a local car dealer which resulted in saving \$50,000 on annual property tax payments starting in 2017.

The 2017 Budget for police and fire pension costs are \$506,000 and \$211,000 lower respectively due to decreased annual required contributions from the Village. This is due to the Village paying a

full year's contribution during the 8-month transition year to a new calendar fiscal year, as well as positive investment years for two of the three smoothing years used by the actuary. Staff expects these costs to rise in 2018 and beyond as the sluggish investment returns from the last two years are incorporated into the actuary's calculations. The 2017 General Fund Budget is also lower than prior years as the annual transfer of \$175,000 to the Health Insurance Fund was eliminated. This transfer was previously intended to be made only if the Health Insurance Fund experienced a significantly bad claim year. The transfer hasn't been made in over ten years and the Health Insurance Fund has sufficient reserves to handle health insurance claims variances, so the transfer was eliminated in the 2017 Budget.

Finally, the encumbrance rollovers from the 8-month transition year to 2016 were higher than normal for the General Fund, as it was difficult to project which fiscal year some of the expenditures would fall. This was especially evident in the Public Works Department which experienced about \$538,000 in total encumbrance rollovers to 2016. The largest component of this amount was for the purchase of \$353,300 of rock salt which was ordered in 2015, but wasn't delivered until January 2016. The 2017 Budget for rock salt reflects a normal year's cost.

There are a limited number of new programs incorporated into the 2017 General Fund budget. The 2017 General Fund budget includes \$5,000 for a "Walk Arlington" program sponsored by the Bicycle & Pedestrian Advisory Commission, and the Building Department's budget includes an increase of \$10,000 for updated sets of Code Books. The Police Department includes \$18,000 for the acquisition of a new Police dog that will replace a retiring canine. The cost of the new Police dog is covered by a donation toward the canine program that was received by the Village in a prior year.

In the Planning & Community Development Department the 2017 Budget includes \$20,000 for an updated Visitors Guide. Local hotel operators have requested this update for their guests which will focus on dining and entertainment options in the Village. As outlined earlier in the Personnel Changes section of this Transmittal Letter, a new Assistant Planner position is included in the 2017 Budget to meet the ongoing needs of the Department. As an offset to this new position, the Department's budget for professional services was decreased.

The Health & Human Services Department budget includes \$22,000 to purchase handheld digital devices, portable printers and software needed to provide reports in the field. The Illinois Department of Public Health (IDPH) is incorporating the 2013 U.S. Food & Drug Administration Code into the IDPH's Food Sanitation Code in 2018. As the Department's Environmental Health Officers transition to the new Food Code, the digital devices will improve staff efficiency and communication with businesses in the field. The new system will allow inspectors to document any violations with photographs, incorporate the new code sections, and forms will be included on the inspection report which will be provided on-site to the food service operator.

The Engineering Department's 2017 Budget includes an additional \$75,000 to allow for the implementation of an annual design/oversight schedule change. It also includes \$35,000 to convert the Cartegraph System data to a new work-order system software package to be shared with the Public Works Department.

The budget includes \$84,200 in funding for Meet Chicago Northwest (Convention Bureau), which is based on 8% of the actual 12-months of hotel tax receipts received by the Village for the period

ended December 31, 2015. The Village has had a long-standing partnership with Meet Chicago Northwest.

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

*State of Illinois Budget Deficit* – The State of Illinois' multi-billion dollar deficit will likely affect the overall State economy and could potentially have a more direct effect on local governments. The State has fallen behind on its payments to vendors and various State agencies, causing some businesses and agencies to shutter their doors. From a more direct perspective, local governments in Illinois currently receive 8 percent of net revenue received from the State's 3.75% individual income tax rate and 9.14 percent of the 5.25% corporate rate. Income tax receipts are then disbursed to communities on a per capita basis. This arrangement has been in place since 1969 when the State agreed to share income tax revenues with municipalities in exchange for a prohibition on municipal income taxes. Over the last couple of years various State Legislators have proposed legislation that would allow the State to keep a larger share of these tax receipts in order to help balance the State's budget, without providing alternative ways for municipalities to raise revenues. The Illinois Municipal League and communities across the State successfully fought off these efforts in the past, but similar legislation is likely to be brought up again as the State continues to look for ways to balance its budget. The Village receives about \$7.6 million per year in income tax receipts which represents about 10% of total General Fund revenues.

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

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

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

The Village's water and sanitary sewer infrastructure is over 60 years old, which has resulted in the average number of water main breaks being twice that of comparable communities. The revised rate structure will allow the Village to increase the amount spent on its water main replacement program by about six times from around \$500,000 per year to a about \$3 million per year by 2020. During this same time period the sanitary sewer main replacement program will increase by nearly two times from around \$300,000 per year to a projected \$515,000 per year.

The 2017 Water & Sewer Fund budget includes continued funding in the amount of \$100,000 for the Sewer Back-Up Rebate program. Under this program single-family homeowners can upgrade their old systems by installing a sewer back-up system to prevent sanitary sewer back-ups into their basements. The average cost to install a sewer back-up system can range from \$10,000 to \$15,000. The Village currently rebates 50% of the cost of installing a sewer back-up system up to a maximum rebate amount of \$7,500 per qualifying single-family residence. Installing a sewer back-up system increases an owner's property value, but the significant out-of-pocket expense prohibits some residents from participating in the program. From the inception of the program in FY2007 through October 2016, there have been 172 rebates paid to single-family homeowners for a total cost to date of \$840,736. An expansion or update to this program may be considered as part of the upcoming storm water control plans.

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

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

The Capital Improvement Program includes a process whereby citizens are asked for input on an annual basis. By communicating through the Village website, citizens are afforded the opportunity to complete a short form describing the type of capital projects they would like the Village to consider in the next five years. The top two capital infrastructure issues identified through the community response process and through a recent survey of Village Board members were: Streets and Storm Water Control. Village staff analyzed the cost and eligibility of all the proposed projects, and the Board subsequently examined the requests along with staff recommendations. Certain capital projects are considered only if the persons and property owners are agreeable to special assessment or special service area financing. In other cases projects are included in the CIP since they would benefit the community as a whole. In June 2016, the Village Board reviewed all of the proposed capital projects and approved the five-year Capital Improvement Program for 2017 - 2021.

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 2017 Budget. The "CIP/Debt Service" section of the budget shows a summary of the entire five-year capital spending and funding plan. The key 2017 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 2017 Budget, \$50,000 is budgeted for a reserve for tax refunds in TIF V, there is a \$500,000 budget place holder shown in TIF IV, and \$184,800 is budgeted for the Rand Road corridor identification project in

TIF V. There is no other large capital project currently scheduled for the TIF Districts during the 2017 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 2017 street program includes the following expenditures:

*Street Resurfacing Program (\$6,100,000 – Capital Projects Fund)* – This is an ongoing program limited to resurfacing existing deteriorated street pavement and curbs.

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

Some of the other major projects included in the 2017 Capital Projects Fund budget are:

*Roof Maintenance Program (\$403,700)* – This program includes annual funds to replace the roofing systems of all municipal buildings, including coping and parapet repairs. The 2017 program includes the replacement of the Senior Center roof.

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

*Sidewalk & Curb Replacement (\$50,000) and Brick Paver Maintenance (\$395,000)* – This program covers the Village's ongoing efforts to repair trip hazards, and to reduce the Village's liability exposure to trips and falls. The Downtown brick paver areas have not seen significant work since they were installed a number of years ago. As part of these streetscape projects, alternative designs to the Village's present cross section will continue to be evaluated.

**Emerald Ash Borer (EAB) Fund** – The Emerald Ash Borer (EAB) beetle infestation was especially burdensome for the Village of Arlington Heights because 13,000 or 36% of our 36,000 parkway trees are Ash trees. Through the efforts of the Public Works Department Forestry Staff, as of the end of 2017 the Village will have completed the removal and replacement of the infested parkway Ash trees. The EAB Fund will be closed as of the end of 2017.

**Storm Water Control Fund** – The 2017 Budget includes the following significant flood control projects:

*Neighborhood Drainage Improvements (\$300,000)* – This budget provides funds for public drainage improvements allowing new or improved access for residents to Village storm sewers. The program only covers work on public right-of-way with any connections or work on private property being the responsibility of the property owner.

*Storm Water Rehabilitation/Replacement Program (\$500,000)* – The budget includes the second 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.

*Municipal Campus and Downstream Detention (\$750,000)* – The Metropolitan Water Reclamation District recently passed stricter detention requirements. The construction of a new Police Station on the Municipal Campus parcel will trigger new detention for the site. It has also been determined that it will positively affect the downstream storm water control system. The cost of this project will be covered by transferring-in available reserves from the Public Building Fund.

In spring 2017 the Village Board will seek to prioritize the potential storm water control projects and develop a multi-year schedule of approved projects for inclusion in the 2018-2022 Capital Improvement Plan. Based on these priorities, Village Staff will develop a new storm water utility fee to cover the costs of the annual maintenance of the separate storm water system as well as any approved storm water improvement projects.

**Public Building Fund** – The 2017 Budget includes the following significant project:

*Police Station Construction/CM Fees (\$16,000,000)* – The Police Station architects are currently designing the new building, and the project will be bid during the spring of 2017. Construction of the new Police Station will commence in June or July 2017, and occupancy is scheduled for late 2018 or early 2019.

**Criminal Investigation Fund** – The Criminal Investigation Fund was established to account for Federal and State seizures of assets used in criminal activities. All confiscated assets that are awarded must be used for any general law enforcement purposes or drug enforcement purposes.

*Northern Illinois Regional Crime Laboratory (NIRCL) Annual Membership (\$103,000)* – The NIRCL was established in 1968 and has approximately 45 member agencies, including the Cook County Sheriff's Police. The NIRCL boasts a much more desired turnaround time for submitted evidence compared to the Illinois State Police Lab, which can currently take several months to process fingerprint evidence. In addition to much faster evidence processing, the NIRCL offers 24 hour assistance for advice either remotely or at the crime scene, as well as more frequent collection of firearms, narcotics, and disposal of ammunition. The Criminal Investigation Fund has reserves of over \$2 million projected as of the end of 2016, and additional asset forfeitures are likely to be received. As such, there should be sufficient monies available to cover the annual membership costs.

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

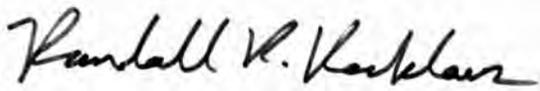
Heights Chamber of Commerce, the Village's 2017 costs are limited to the budgeted amount. Any additional costs would be covered by the co-sponsors of these events. The Village's 2017 Budget caps for these two events are outlined at the bottom of the Cost by Event presentation.

The Metropolis Performing Arts Center (MPAC) prepared its 2017 Budget and is requesting a 2017 operating contribution of \$255,000. The Village has set aside \$306,000 to be used toward the 2017 operating contribution and toward the establishment of an adequate reserve for Theater operations. Per prior Village Board direction, the remaining \$51,000 in 2017 will be added to a restricted reserve account in the Village's Arts, Entertainment & Events Fund.

### **Acknowledgements**

The 2017 Budget allows the Village to continue its commitment to basic services and provides for a significant increase in the Village's commitment to providing safe, reliable roadways. I would like to thank the entire staff and especially the budget team consisting of Tom Kuehne, Mary Ellen Juarez, Denise Ruda, and Diana Mikula for their efforts. Thanks as well to the Village Board for its ongoing support during the budget cycle and throughout the year.

Sincerely,

A handwritten signature in black ink, reading "Randall R. Recklaus". The signature is written in a cursive style with a clear, legible font.

Randall R. Recklaus  
Village Manager

**SURVEY OF COMPARABLE MUNICIPALITIES  
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME  
JUNE 2016**

**ANNUAL ESTIMATED PAYMENTS:**

<u>Municipality</u>	<u>2016 Passenger Veh. Stickers</u>	<u>Garbage Bill*</u>	<u>Yard Waste Bill</u>	<u>Combined** Residential Water &amp; Sewer Bill</u>	<u>Storm Water Fee</u>	<u>Home*** Rule Sales Tax</u>	<u>Food &amp; Beverage Sales Tax</u>	<u>Municipal Motor Fuel Tax</u>	<u>Entertain. Tax</u>	<u>Electric Utility Tax</u>	<u>Gas Utility Tax</u>	<u>Telecom Tax</u>	<u>2015**** Municipal Property Tax</u>	<u>Total Estimated Annual Homeowner Costs</u>
Assumptions for Average Family	2 Cars	12 /Yr	48 Bags/Yr	144,000 Gallons/Yr	Estimated Fee/Yr	\$6,000 /Year	\$3,000 /Year	650 Gallons/Yr	\$2,400 /Year	12,300 kWh/Yr \$1,400 /Year	1,700 therms/Yr \$1,650 /Year	\$1,200 /Year	\$73,766 EAV	
1. Rolling Meadows	60.00	\$359.40	\$0.00	1,938.24	49.20	60.00	60.00	26.00	0.00	75.03	0.00	72.00	1379.42	\$4,079.29
2. Hoffman Estates	0.00	\$204.00	\$134.40	1,580.88	24.00	60.00	60.00	162.50	144.00	69.00	85.00	72.00	1152.96	\$3,748.75
3. Mount Prospect	90.00	\$234.96	\$120.00	1,579.20	0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	997.32	\$3,277.64
4. Elk Grove Village	50.00	255.12	\$108.00	1,728.00	0.00	60.00	30.00	0.00	0.00	75.03	17.00	60.00	748.72	\$3,131.87
5. Wheeling	0.00	\$240.48	\$0.00	1,045.44	24.00	60.00	30.00	0.00	0.00	75.03	85.00	72.00	1275.41	\$2,907.36
6. Des Plaines	60.00	\$198.36	\$0.00	1,147.68	109.44	60.00	30.00	26.00	0.00	70.23	42.50	72.00	1054.12	\$2,870.33
7. Park Ridge	90.00	\$0.00	\$0.00	1,430.04	0.00	60.00	30.00	26.00	0.00	68.63	34.00	72.00	975.92	\$2,786.60
<b>8. Arlington Heights</b>	<b>60.00</b>	<b>\$210.00</b>	<b>\$124.80</b>	<b>1,030.56</b>	<b>0.00</b>	<b>60.00</b>	<b>37.50</b>	<b>0.00</b>	<b>0.00</b>	<b>75.03</b>	<b>85.00</b>	<b>72.00</b>	<b>1002.48</b>	<b>\$2,757.37</b>
9. Schaumburg	0.00	\$24.72	\$0.00	1,583.52	0.00	60.00	60.00	0.00	120.00	0.00	0.00	72.00	523.74	\$2,443.98
10. Buffalo Grove	0.00	\$245.52	\$0.00	819.36	60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	971.50	\$2,419.37
11. Palatine	60.00	\$273.00	\$0.00	736.80	60.00	60.00	30.00	0.00	0.00	52.52	0.00	72.00	1037.15	\$2,381.47

\*AH Garbage Bill based on estimated once per week pick-up cost for comparison purposes.

Rates include carts and/or SWANCC fees where applicable.

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

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

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

Sources: Surveys: Arlington Heights (08/15), / Cook County Clerk website / Municipal websites / Codes

**RATES:**

<u>Municipality</u>	<u>2016 Passenger Veh. Stickers</u>	<u>Est. Monthly Garbage Rate (1x/week)</u>	<u>Yard Waste Rate /Bag</u>	<u>Combined Water &amp; Sewer Rate/ 1000 Gallons + fixed fees</u>	<u>Estimated Storm Water Fee/Month</u>	<u>Home Rule Sales Tax Rate</u>	<u>Food &amp; Beverage Sales Tax Rate</u>	<u>Municipal Motor Fuel Tax Cents/Gal</u>	<u>Entertain. Tax Rate</u>	<u>Electric Utility Tax /kWh</u>	<u>Gas Utility Tax /Therm</u>	<u>Telecom Tax Rate</u>	<u>2015 Municipal Property Tax Rate</u>
Arlington Heights	30.00	17.50	2.60	6.94	0.00	1.00%	1.25%	0.00	0.00%	0.00610	0.050	6.00%	1.3590
Buffalo Grove	0.00	20.46	0.00	5.69	5.08	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.3170
Des Plaines	30.00	16.53	0.00	7.97	9.12	1.00%	1.00%	0.04	0.00%	0.00571	0.025	6.00%	1.4290
Elk Grove Village	25.00	21.26	2.25	12.00	0.00	1.00%	1.00%	0.00	0.00%	0.00610	0.010	5.00%	1.0150
Hoffman Estates	0.00	17.00	2.80	10.49	2.00	1.00%	2.00%	0.25	6.00%	0.00561	0.050	6.00%	1.5630
Mount Prospect	45.00	19.58	2.50	10.55	0.00	1.00%	1.00%	0.04	0.00%	0.00351	0.015	6.00%	1.3520
Palatine	30.00	22.75	0.00	4.75	5.00	1.00%	1.00%	0.00	0.00%	0.00427	0.000	6.00%	1.4060
Park Ridge	45.00	0.00	0.00	9.39	0.00	1.00%	1.00%	0.04	0.00%	0.00558	0.020	6.00%	1.3230
Rolling Meadows	30.00	29.95	0.00	13.21	4.10	1.00%	2.00%	0.04	0.00%	0.00610	0.000	6.00%	1.8700
Schaumburg	0.00	2.06	0.00	10.63	0.00	1.00%	2.00%	0.00	5.00%	0.00000	0.000	6.00%	0.7100
Wheeling	0.00	20.04	0.00	7.26	2.00	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.7290

# Financial Summaries

VILLAGE OF ARLINGTON HEIGHTS

**ALL FUNDS SUMMARY**

FUND	REVENUES	8 Month				2017 Budget	\$ Change	% Change
		2014-15 Actual	Per. Ending Dec. 2015 Actual	2016 Est Act	2016 Budget			
101	GENERAL	72,033,672	56,281,295	72,109,500	72,252,500	<b>73,411,500</b>	1,159,000	1.6%
211	MOTOR FUEL TAX	4,508,877	1,279,790	1,810,400	1,810,400	<b>1,810,400</b>	0	0.0%
215	CDBG	315,185	352,994	455,323	387,600	<b>256,200</b>	(131,400)	(33.9%)
227	FOREIGN FIRE INSURANCE TAX	135,489	138,117	131,200	130,600	<b>130,800</b>	200	0.2%
231	CRIMINAL INVESTIGATIONS	1,727,823	95,366	181,400	83,000	<b>83,000</b>	0	0.0%
235	MUNICIPAL PARKING	1,162,329	2,839,424	1,019,400	1,116,000	<b>1,126,200</b>	10,200	0.9%
251	TIF I SOUTH	1,685	818	1,200	800	<b>800</b>	0	0.0%
255	TIF II NORTH	0	0	0	0	<b>0</b>	0	N/A
261	TIF III	364,786	374,072	384,700	327,000	<b>327,000</b>	0	0.0%
263	TIF IV	410,432	419,883	379,400	503,000	<b>503,000</b>	0	0.0%
264	TIF V	4,777	78,708	43,500	61,000	<b>43,000</b>	(18,000)	(29.5%)
266	HICKORY/KENSINGTON TIF	0	23,558	149,500	25,000	<b>145,500</b>	120,500	482.0%
301	DEBT SERVICE	7,771,427	7,772,566	7,319,616	6,370,700	<b>7,101,250</b>	730,550	11.5%
401	CAPITAL PROJECTS	14,896,167	4,209,982	7,550,541	7,351,441	<b>9,955,500</b>	2,604,059	35.4%
426	STORM WATER CONTROL	12,166	500,744	3,000	3,000	<b>3,451,500</b>	3,448,500	N/A
431	PUBLIC BUILDING	5,516	2,278	35,381,866	35,150,000	<b>150,000</b>	(35,000,000)	(99.6%)
435	EMERALD ASH BORER (EAB)	4,612,866	3,411,504	3,000	3,000	<b>0</b>	(3,000)	(100.0%)
505	WATER & SEWER	14,312,323	10,628,078	18,970,600	19,136,100	<b>19,897,600</b>	761,500	4.0%
511	SOLID WASTE DISPOSAL	1,769,596	1,182,700	1,670,100	1,768,000	<b>1,664,000</b>	(104,000)	(5.9%)
515	ARTS, ENTERTAINMENT & EVENTS	555,320	453,232	893,690	890,190	<b>923,200</b>	33,010	3.7%
605	HEALTH INSURANCE	9,595,783	6,311,491	9,435,600	9,721,700	<b>9,720,200</b>	(1,500)	(0.0%)
606	RETIREE HEALTH INSURANCE	2,702,149	1,671,580	2,740,600	3,993,000	<b>3,736,600</b>	(256,400)	(6.4%)
611	GENERAL LIABILITY INSURANCE	733,444	505,501	797,300	787,000	<b>826,400</b>	39,400	5.0%
615	WORKERS' COMPENSATION	2,038,651	1,378,513	2,054,900	2,008,100	<b>2,068,000</b>	59,900	3.0%
621	FLEET OPERATIONS	3,592,419	2,901,058	3,547,200	3,402,700	<b>3,589,700</b>	188,000	5.5%
625	TECHNOLOGY	1,546,870	1,182,442	1,624,800	1,625,400	<b>1,669,700</b>	44,300	2.7%
705	POLICE PENSION	13,921,271	4,335,743	9,547,100	9,537,000	<b>8,994,000</b>	(543,000)	(5.7%)
711	FIRE PENSION	12,424,203	3,350,462	9,880,000	10,004,000	<b>9,799,000</b>	(205,000)	(2.0%)
<b>TOTAL REVENUES</b>		<b>171,155,226</b>	<b>111,681,899</b>	<b>188,085,436</b>	<b>188,448,231</b>	<b>161,385,050</b>	<b>(27,063,181)</b>	<b>(14.4%)</b>

FUND	EXPENDITURES	8 Month				2017 Budget	\$ Change	% Change
		2014-15 Actual	Per. Ending Dec. 2015 Actual	2016 Est Act	2016 Budget			
101	GENERAL	71,726,286	52,071,721	72,296,339	72,891,716	<b>73,371,700</b>	479,984	0.7%
211	MOTOR FUEL TAX	2,719,819	457,494	4,509,721	4,509,721	<b>1,935,500</b>	(2,574,221)	(57.1%)
215	CDBG	315,185	352,994	455,323	434,373	<b>256,200</b>	(178,173)	(41.0%)
227	FOREIGN FIRE INSURANCE TAX	100,678	42,316	195,000	192,186	<b>200,000</b>	7,814	4.1%
231	CRIMINAL INVESTIGATIONS	205,416	60,990	215,600	221,600	<b>337,400</b>	115,800	52.3%
235	MUNICIPAL PARKING	1,436,081	1,653,833	1,904,283	1,880,390	<b>2,146,300</b>	265,910	14.1%
251	TIF I SOUTH	50,621	24,863	12,000	25,000	<b>25,000</b>	0	0.0%
255	TIF II NORTH	7,518	0	0	0	<b>0</b>	0	N/A
261	TIF III	291,877	279,937	431,700	440,200	<b>25,000</b>	(415,200)	(94.3%)
263	TIF IV	59,552	44,285	855,579	920,579	<b>610,000</b>	(310,579)	(33.7%)
264	TIF V	520,001	488,261	5,600	570,690	<b>254,800</b>	(315,890)	(55.4%)
266	HICKORY/KENSINGTON TIF	0	13,750	20,000	47,875	<b>40,000</b>	(7,875)	(16.4%)
301	DEBT SERVICE	7,867,273	7,858,143	7,248,178	7,248,178	<b>7,092,500</b>	(155,678)	(2.1%)
401	CAPITAL PROJECTS	10,367,469	8,059,208	9,285,018	9,516,417	<b>8,948,200</b>	(568,217)	(6.0%)
426	STORM WATER CONTROL	487,877	29,908	2,041,100	2,041,129	<b>1,550,000</b>	(491,129)	(24.1%)
431	PUBLIC BUILDING	357,671	25,218	1,156,500	1,469,465	<b>18,475,000</b>	17,005,535	1157.3%
435	EMERALD ASH BORER (EAB)	3,083,963	1,544,712	1,160,444	1,161,609	<b>5,949,900</b>	4,788,291	412.2%
505	WATER & SEWER	14,900,500	11,427,830	19,287,300	19,562,038	<b>18,781,600</b>	(780,438)	(4.0%)
511	SOLID WASTE DISPOSAL	1,274,637	827,829	1,646,884	1,670,700	<b>1,596,400</b>	(74,300)	(4.4%)
515	ARTS, ENTERTAINMENT & EVENTS	923,206	503,273	859,689	877,601	<b>898,300</b>	20,699	2.4%
605	HEALTH INSURANCE	9,932,144	6,305,641	9,228,272	12,553,000	<b>11,993,700</b>	(559,300)	(4.5%)
606	RETIREE HEALTH INSURANCE	2,702,149	1,671,580	2,740,600	3,993,000	<b>3,736,600</b>	(256,400)	(6.4%)
611	GENERAL LIABILITY INSURANCE	978,960	966,636	1,031,500	1,049,500	<b>1,085,500</b>	36,000	3.4%
615	WORKERS' COMPENSATION	2,060,590	2,110,333	2,112,100	2,158,100	<b>2,023,500</b>	(134,600)	(6.2%)
621	FLEET OPERATIONS	3,873,448	2,678,684	4,616,194	4,657,753	<b>3,491,100</b>	(1,166,653)	(25.0%)
625	TECHNOLOGY	1,411,378	994,842	1,675,550	1,707,984	<b>1,663,400</b>	(44,584)	(2.6%)
705	POLICE PENSION	5,745,776	4,018,101	6,373,400	6,381,200	<b>6,916,200</b>	535,000	8.4%
711	FIRE PENSION	6,015,428	4,149,501	6,498,400	6,546,200	<b>6,957,400</b>	411,200	6.3%
<b>TOTAL EXPENDITURES</b>		<b>149,415,503</b>	<b>108,661,883</b>	<b>157,862,274</b>	<b>164,728,204</b>	<b>180,361,200</b>	<b>15,632,996</b>	<b>9.5%</b>

# FUND BALANCE SUMMARY 2017

Fund	Fund Name	1/01/17 Projected Beginning Fund Balance (Deficit)	2017 Revenues & Transfers In	2017 Expenditures & Transfers Out	2017 Revenues Over (Under) Expenditures	12/31/17 Estimated Ending Fund Balance (Deficit)
101	General	\$28,339,325	\$73,411,500	\$73,371,700	\$39,800	\$28,379,125
211	Motor Fuel Tax	1,462,918	1,810,400	1,935,500	(125,100)	1,337,818
215	CDBG	0	256,200	256,200	0	0
227	Foreign Fire Insurance Tax	418,462	130,800	200,000	(69,200)	349,262
231	Criminal Investigations	2,010,167	83,000	337,400	(254,400)	1,755,767
235	Municipal Parking	4,375,323	1,126,200	2,146,300	(1,020,100)	3,355,223
251	TIF I South	130,017	800	25,000	(24,200)	105,817
255	TIF II North	982	0	0	0	982
261	TIF III	1,232,997	327,000	25,000	302,000	1,534,997
263	TIF IV	1,262,238	503,000	610,000	(107,000)	1,155,238
264	TIF V	602,570	43,000	254,800	(211,800)	390,770
266	Hickory/Kensington TIF	139,308	145,500	40,000	105,500	244,808
301	Debt Service	1,571,945	7,101,250	7,092,500	8,750	1,580,695
401	Capital Projects	4,744,926	9,955,500	8,948,200	1,007,300	5,752,226
426	Storm Water Control	1,632,999	3,451,500	1,550,000	1,901,500	3,534,499
431	Public Building	35,557,863	150,000	18,475,000	(18,325,000)	17,232,863
435	Emerald Ash Borer (EAB) Fund	5,949,900	0	5,949,900	(5,949,900)	0
505	Water & Sewer	3,600,140	19,897,600	18,781,600	1,116,000	4,716,140
511	Solid Waste Disposal	3,684,360	1,664,000	1,596,400	67,600	3,751,960
515	Arts, Entertainment & Events	37,891	923,200	898,300	24,900	62,791
605	Health Insurance	2,539,749	9,720,200	11,993,700	(2,273,500)	266,249
606	Retiree Health Insurance	0	3,736,600	3,736,600	0	0
611	General Liability Insurance	2,606,446	826,400	1,085,500	(259,100)	2,347,346
615	Workers' Compensation Insurance	4,121,979	2,068,000	2,023,500	44,500	4,166,479
621	Fleet Operations	5,097,914	3,590,700	3,491,100	99,600	5,197,514
625	Technology	1,830,918	1,669,700	1,663,400	6,300	1,837,218
705	Police Pension	111,530,740	8,994,000	6,916,200	2,077,800	113,608,540
711	Fire Pension	94,479,410	9,799,000	6,957,400	2,841,600	97,321,010
<b>TOTAL ALL VILLAGE FUNDS</b>		<b>\$318,961,487</b>	<b>\$161,385,050</b>	<b>\$180,361,200</b>	<b>(\$18,976,150)</b>	<b>\$299,985,337</b>

1. The General Fund shows a 2017 budget surplus for operations due to slight increases in operating revenue and the reduction in staffing levels in 2009 that have largely stayed in place. The current financial condition of the fund is healthy as it continues to maintain a fund balance over 25% of annual expenditures.
2. The Motor Fuel Tax Fund shows a planned operating deficit to complete various road improvements throughout the Village.
3. Foreign Fire Insurance Tax Fund - Insurance companies that do not maintain offices within the State but market fire insurance policies within the State pay an additional tax of 2% to the municipality where the policy is written. These funds are used for the betterment of the fire services and are controlled by a separate Board of Directors including the Fire Chief and firefighters per State Statute. Prior year revenues are being expensed this year, creating the operating deficit.
4. Criminal Investigations Fund - Assets seized under State and Federal statutes are accounted for in this fund and used for the advancement of law enforcement. These funds are not budgeted for day-to-day Police Department operations but are generally one time capital expenditures of current and prior year revenues. The 2017 budget includes membership in the NLRCL.
5. Municipal Parking Fund - Primarily, commuter parking for train travel to and from Chicago is provided for in this fund. With Downtown redevelopment, resident parking for large apartment complexes and off-street shopper parking was included. Substantial fund balance is maintained for future parking garage maintenance and repairs. The deficit in operations in 2016 is due primarily to the expenditures from the remaining two year project to return the four public parking structures back to their original integrity with a new service life of 40 to 50 years.

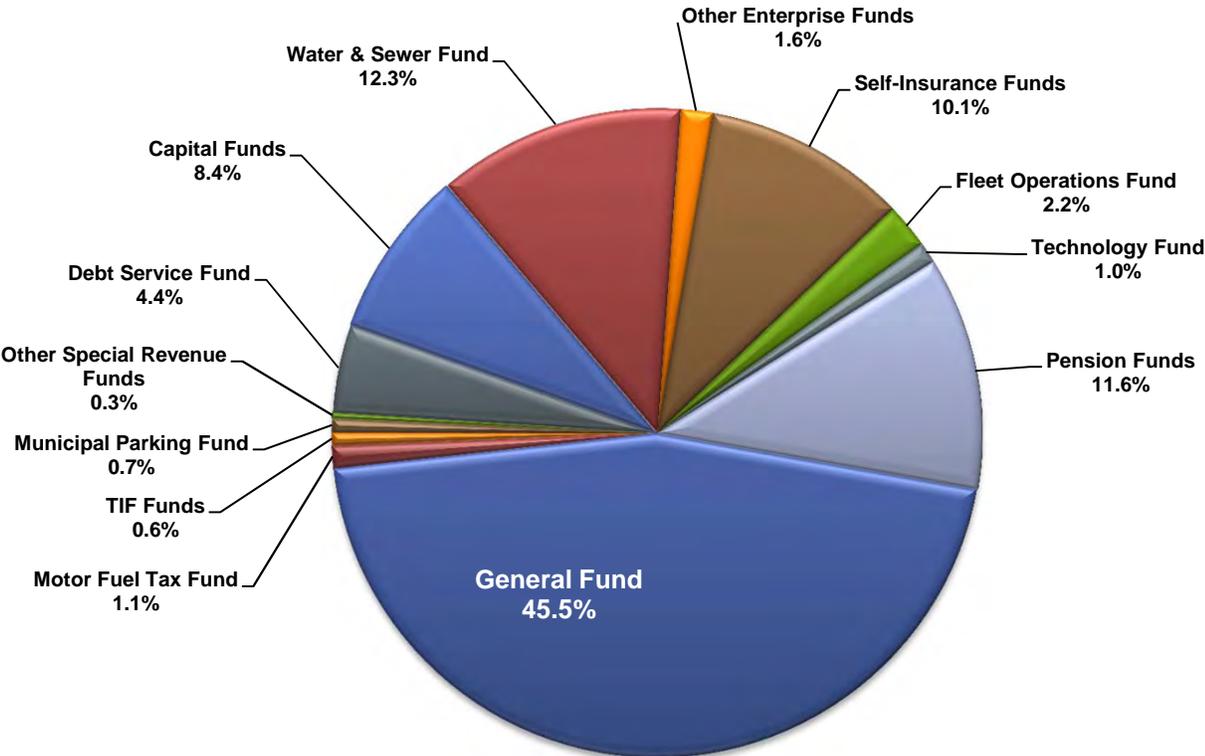
## FUND BALANCE SUMMARY 2017

---

6. The TIF I District ended in 2006. Current litigation and possible refunds create the potential for 2016 activity in the TIF I South Fund. The TIF II District ended in 2009. Possible refunds create the potential for 2016 activity in the TIF II North Fund.
7. The TIF III and Hickory/Kensington TIF are accumulating reserves for future improvements.
8. TIF IV and V Funds reflect a planned drawdown of reserves.
9. The Debt Service Fund accounts for all debt service payments from general obligation bond issuances except those in the Water & Sewer Fund (an enterprise fund).
10. The Capital Projects Fund shows a surplus due to an increase in the annual funding for the street resurfacing/reconstruction program from property taxes and an allocation from the Solid Waste Fund.
11. The Storm Water Control Fund has a planned surplus from a transfer-in due to the closure of the EAB Fund. To sustain this fund's programs in the future an alternative revenue source will be required.
12. The Public Building Fund will provide for the construction of the new Police Facility which will drawdown the reserves.
13. Emerald Ash Borer (EAB) Fund - The Emerald Ash Borer is an insect that kills Ash trees. This fund accounts for the costs associated with the removal and replacement of the Village's 13,000 parkway Ash trees. The removal and replacement of the parkway Ash trees will be complete at the end of 2017, at which time the remaining funds will be transferred out.
14. A planned service rate increase of 5% in 2017 and then a 5% increase for the next two years will allow the Village to increase the amount spent on its water main replacement program.
15. Solid Waste Disposal Fund - The operations of the Government Joint Venture Solid Waste Agency of Northern Cook County are provided for in this fund. Efforts to reduce solid waste removal costs and maximize disposal facility useful lives are primary objectives.
16. The Arts, Entertainment & Events Fund is designed for funding special events and the operation of the Metropolis Performing Arts Theater. The primary funding source is a .25% Food & Beverage Tax on prepared food.
17. The Health Insurance Fund has a planned operating deficit due to the potential of large health insurance claims. Actual year end results generally come in better than budgeted. This fund is operated on a pay as you go basis with a reserve for large claims.
18. Retiree Health Insurance Fund - This accounting segregates medical insurance expenses for retirees from those expenses of current staff. Retirees pay 100% of their premium for health insurance. Any operating deficit is funded on a pay-as-you-go basis from the Health Insurance Fund.
19. The General Liability Insurance Fund covers the first \$1M per claim before excess coverage takes effect. Premiums are charged to operating departments to fund operations. Past claims have been varied and actual experience is generally more favorable than budgeted.
20. The Workers' Compensation Insurance Fund provides for workers' compensation claims as the Village is self-insured.
21. The Fleet Operations Fund provides for major capital replacements. Service charges over the useful life of the equipment will replenish reserves. A healthy fund balance is maintained for vehicle and equipment replacement.
22. The Technology Fund provides for the operation of the Village's computer network infrastructure and equipment replacement. Service charges to departments are used to fund these operations.
23. Police and Fire Pension Funds are both budgeting positive results from operations this year. Funding for future liabilities of the Police and Fire Pension Funds is currently at 75.4% and 68.7% respectively. Per current State Statute, 90% funding must be reached by 2040.

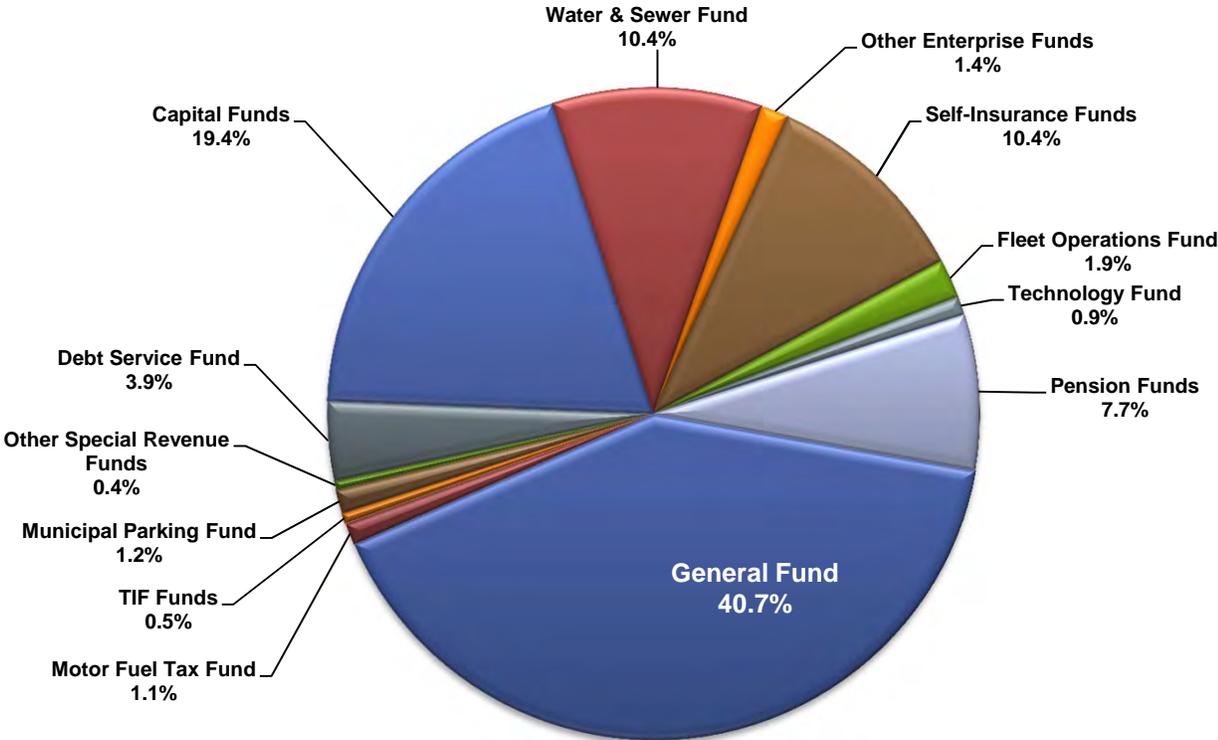
# ALL FUNDS REVENUES

## 2017 Budget



# ALL FUNDS EXPENDITURES

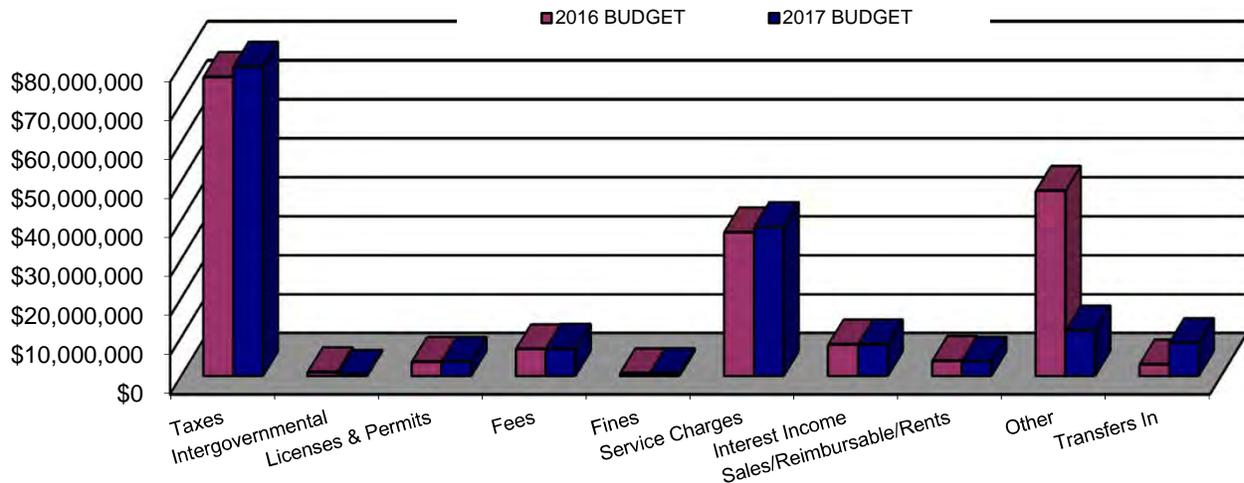
## 2017 Budget



# WHERE THE MONEY COMES FROM

## ALL FUNDS REVENUES

2016 Budget vs. 2017 Budget



	FY 2014-15 ACTUAL	8-Mo. End. Dec. 2015 ACTUAL	2016 BUDGET	2017 BUDGET	% CHANGE
<b>Taxes</b>	74,773,288	61,317,349	76,673,400	<b>79,278,450</b>	3.4%
<b>Intergovernmental</b>	1,242,290	460,378	1,037,541	<b>324,200</b>	(68.8%)
<b>Licenses &amp; Permits</b>	3,795,020	2,876,737	3,631,400	<b>3,732,000</b>	2.8%
<b>Fees</b>	6,962,268	4,978,778	6,921,000	<b>6,960,600</b>	0.6%
<b>Fines</b>	820,942	512,365	715,200	<b>755,700</b>	5.7%
<b>Service Charges</b>	31,410,476	22,604,757	36,884,800	<b>38,177,300</b>	3.5%
<b>Interest Income</b>	14,850,383	(3,145,997)	8,113,900	<b>8,095,100</b>	(0.2%)
<b>Sales/Reimbursable/Rents</b>	4,420,274	2,877,859	3,905,900	<b>3,743,100</b>	(4.2%)
<b>Other</b>	22,601,051	12,108,209	47,465,200	<b>11,709,400</b>	(75.3%)
	160,875,992	104,590,435	185,348,341	<b>152,775,850</b>	(17.6%)
<b>Reserves</b>	0	0	104,690	<b>128,000</b>	22.3%
<b>Transfers In</b>	10,279,236	7,091,463	2,995,200	<b>8,481,200</b>	183.2%
<b>Total Revenues</b>	171,155,228	111,681,898	188,448,231	<b>161,385,050</b>	(14.4%)

NOTE: **Intergovernmental** revenues decreased due to the Northwest Municipal Conference Grant that was received in the prior 2016 Budget Year.

**Fines** increased primarily from the increase in Traffic Court and Parking Fines over prior year.

**Sales/Reimbursable/Rents** decreased due to the retiree insurance coverage and annual premium fluctuations.

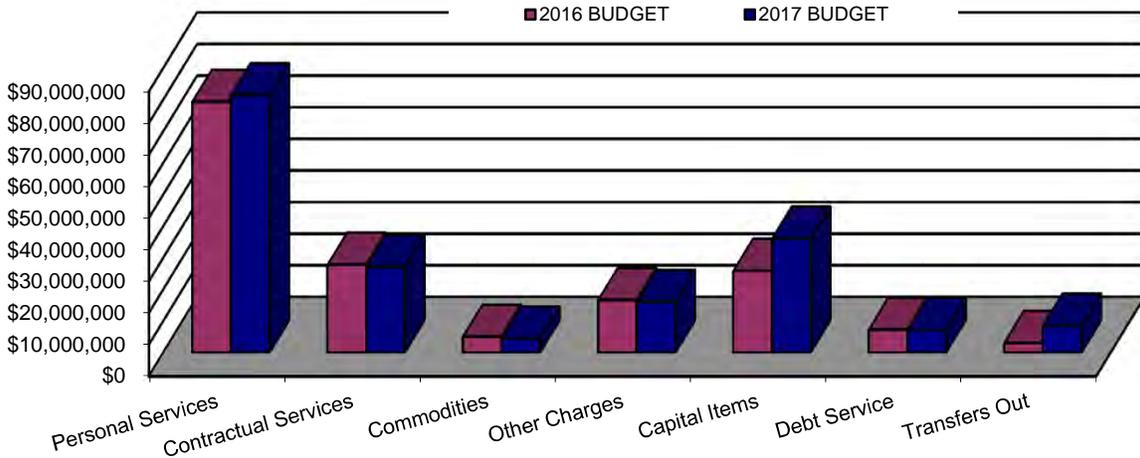
**Other** revenues decreased due to bond proceeds recognized in the prior year in the Public Building Fund for the construction of the Police Station.

**Transfers In** change was due to the transfer from the Emerald Ash Borer (EAB) Fund to the Capital Projects Fund and the Storm Water Control Fund, combined with the transfer from the Public Building Fund to the Storm Water Control Fund.

# WHERE THE MONEY GOES

## ALL FUNDS EXPENDITURES

### 2016 Budget vs. 2017 Budget



	FY 2014-15 ACTUAL	8-Mo. End. Dec. 2015 ACTUAL	2016 BUDGET	2017 BUDGET	% CHANGE
<b>Personal Services</b>	74,698,945	54,078,061	79,278,739	<b>81,345,100</b>	2.6%
<b>Contractual Services</b>	23,592,792	17,737,132	27,785,609	<b>27,040,900</b>	(2.7%)
<b>Commodities</b>	3,987,447	2,376,512	4,976,434	<b>4,356,100</b>	(12.5%)
<b>Other Charges</b>	13,715,522	9,579,810	16,601,194	<b>16,016,800</b>	(3.5%)
<b>Capital Items</b>	15,304,549	9,942,954	25,842,850	<b>36,028,600</b>	39.4%
<b>Debt Service</b>	7,837,014	7,855,952	7,248,178	<b>7,092,500</b>	(2.1%)
<b>Transfers Out</b>	139,136,269	101,570,421	161,733,004	<b>171,880,000</b>	6.3%
<b>Total Expenditures</b>	149,415,504	108,661,883	164,728,204	<b>180,361,200</b>	9.5%

NOTE: **Commodities** declined primarily from the reduction of rock salt required due to the previous mild winter and the decreased cost of Petroleum Products.

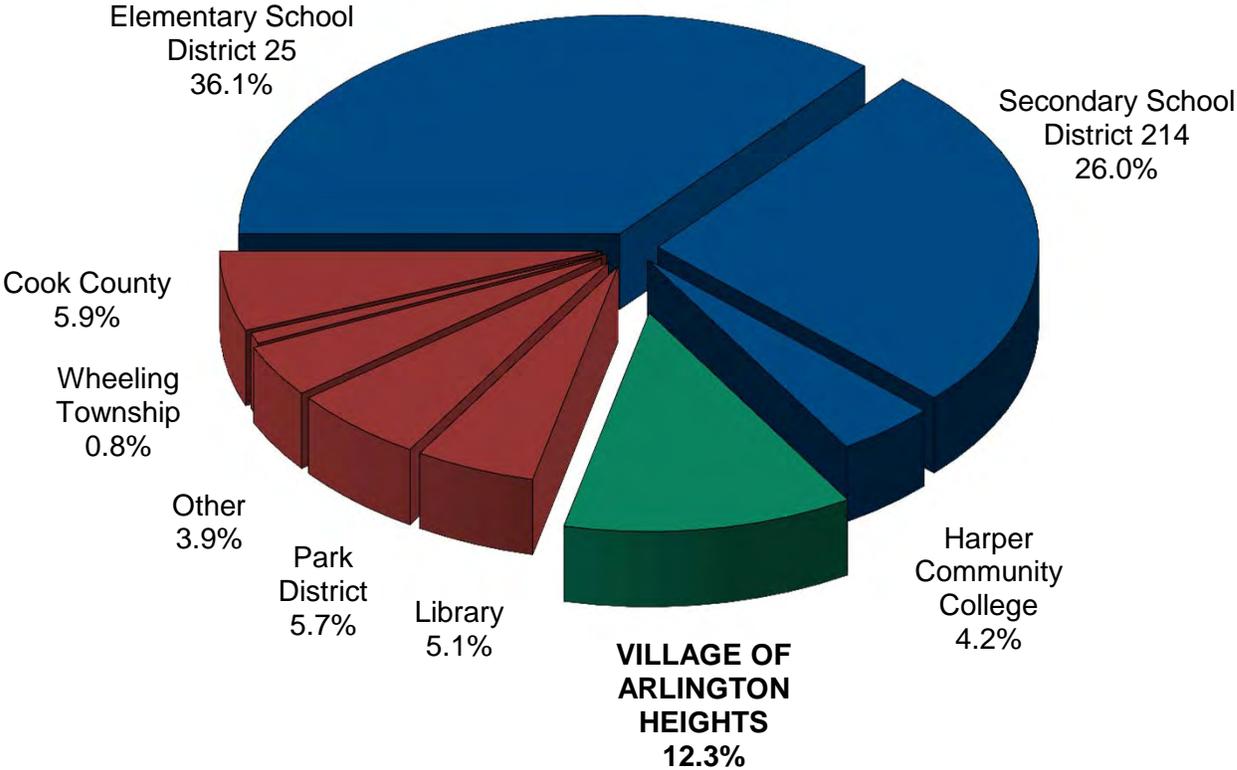
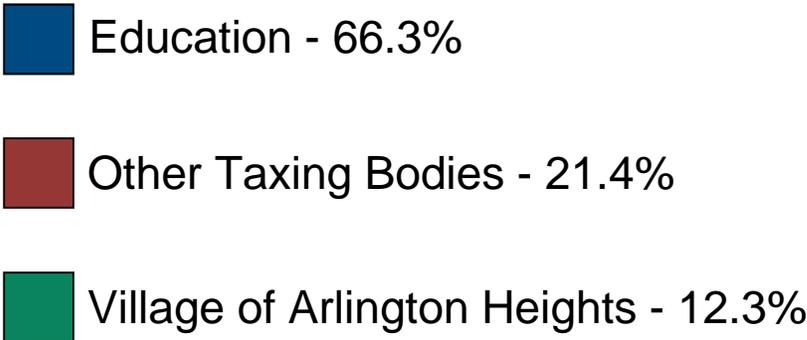
**Capital Items** increased largely due to the construction of the Police Station which was offset by a reduction in the Street Rehab Program from a prior year transfer-in from the General Fund and a decrease in the allotted funding from the State.

**Transfers Out** percentage increased mainly due to the transfer from Emerald Ash Borer (EAB) Fund to the Capital Projects Fund and the Storm Water Control Fund, combined with the transfer from the Public Building Fund to the Storm Water Control Fund.

# Arlington Heights

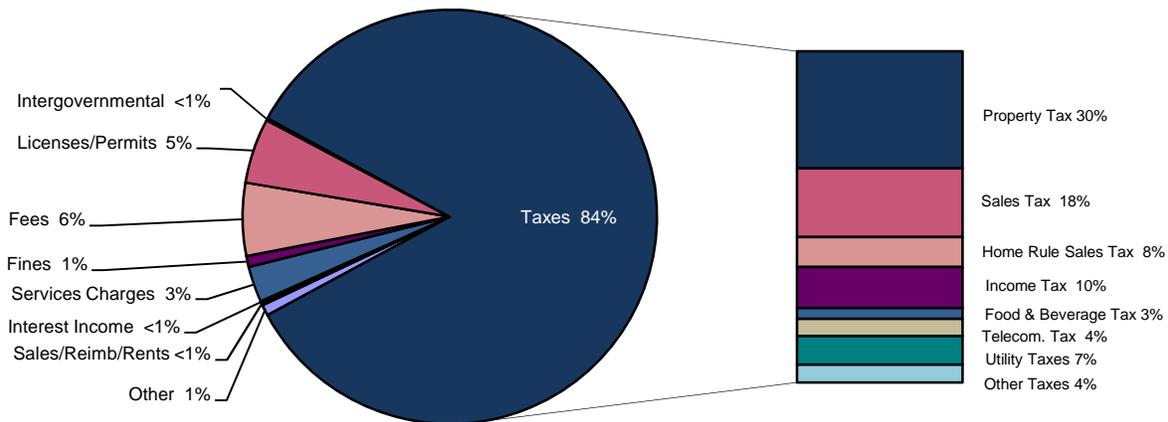
## 2015 PROPERTY TAX BILL

(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 12.1% OF THE ENTIRE PROPERTY TAX BILL.

# WHERE THE MONEY COMES FROM GENERAL FUND REVENUES 2017



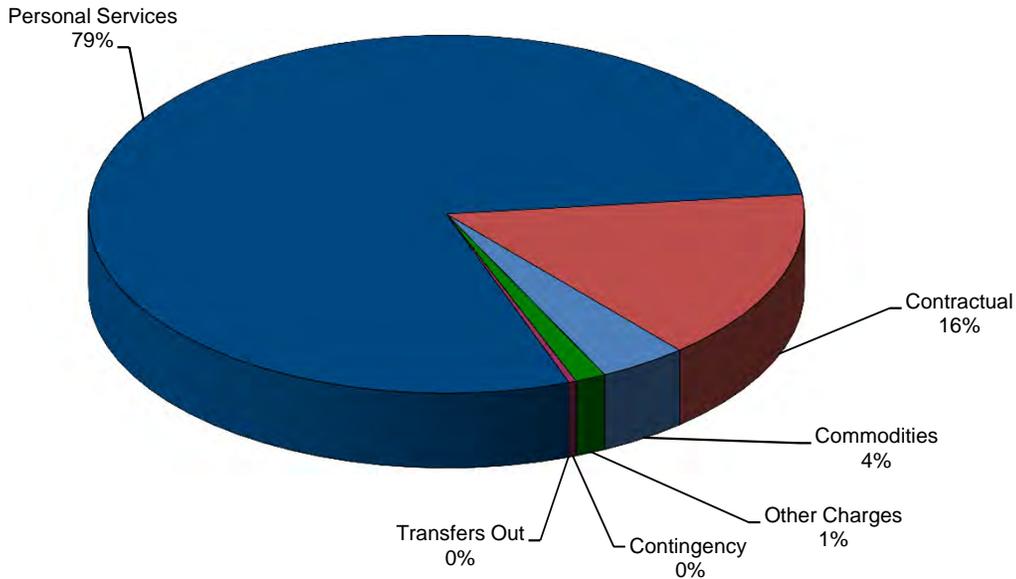
	FY 2014-15 ACTUAL	8-Mo. End. Dec. 2015 ACTUAL	2016 BUDGET	2017 BUDGET	% CHANGE
<b>Taxes</b>	60,311,368	47,886,285	61,137,300	<b>61,821,900</b>	1.1%
<b>Intergovernmental</b>	238,365	160,693	98,000	<b>118,000</b>	20.4%
<b>Licenses/Permits</b>	3,795,020	2,863,172	3,631,400	<b>3,732,000</b>	2.8%
<b>Fees</b>	4,139,809	2,976,342	4,037,900	<b>4,178,900</b>	3.5%
<b>Fines</b>	690,999	431,564	603,200	<b>630,700</b>	4.6%
<b>Service Charges</b>	2,127,561	1,470,612	1,986,200	<b>2,043,700</b>	2.9%
<b>Interest Income</b>	86,869	37,517	100,000	<b>100,000</b>	0.0%
<b>Sales/Reimb/Rents</b>	188,682	105,140	142,800	<b>140,800</b>	(1.4%)
<b>Other</b>	455,001	349,970	315,700	<b>350,900</b>	11.1%
<b>Other Financing</b>	0	0	200,000	<b>294,600</b>	0.0%
<b>Total Revenue</b>	<b>72,033,674</b>	<b>56,281,295</b>	<b>72,252,500</b>	<b>73,411,500</b>	<b>1.6%</b>

NOTE: **Intergovernmental** revenues increased due to Police reimbursements and grants that have been awarded for the 2017 Budget Year.

**Fines** increased due to an increase in Traffic Court Fines.

**Other** increased from the yearly payment in lieu of Real Estate Taxes from Northwest Community Hospital and the Class 6B Rebate Incentive Program.

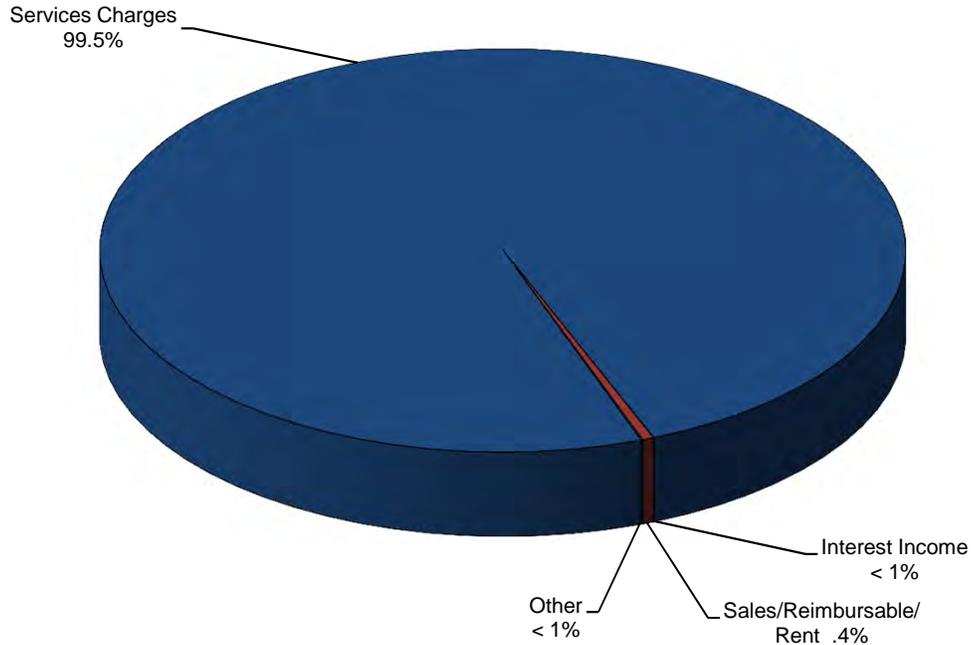
# WHERE THE MONEY GOES GENERAL FUND EXPENDITURES 2017



	FY 2014-15 ACTUAL	8-Mo. End. Dec. 2015 ACTUAL	2016 BUDGET	2017 BUDGET	% CHANGE
<b>Personal Services</b>	54,279,961	39,975,136	56,693,639	<b>57,812,500</b>	2.0%
<b>Contractual Services</b>	9,773,925	7,311,899	11,282,958	<b>11,368,900</b>	0.8%
<b>Commodities</b>	2,725,194	1,495,257	3,468,819	<b>2,918,100</b>	(15.9%)
<b>Other Charges</b>	947,207	789,429	1,062,630	<b>1,022,200</b>	(3.8%)
<b>Contingency</b>	0	0	208,670	<b>250,000</b>	19.8%
<b>Transfers Out</b>	4,000,000	2,500,000	175,000	<b>0</b>	(100.0%)
<b>Total Expenditures</b>	<b>71,726,287</b>	<b>52,071,721</b>	<b>72,891,716</b>	<b>73,371,700</b>	0.7%

NOTE: **Commodities** decreased from a reduction of rock salt required due to the previous mild winter. **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, 2016 budget shows that there is \$208,670 remaining of the \$208,670 contingency budget. **Transfers Out** decreased due to the decreased transfer from the General Fund to the Health Insurance Fund.

# WHERE THE MONEY COMES FROM WATER & SEWER FUND REVENUES 2017



	FY 2014-15 ACTUAL	8-Mo. End. Dec. 2015 ACTUAL	2016 BUDGET	2017 BUDGET	% CHANGE
<b>Services Charges</b>	14,020,948	10,222,539	19,026,100	<b>19,789,600</b>	4.0%
<b>Interest Income</b>	9,300	3,606	11,000	<b>5,000</b>	(54.5%)
<b>Sales/Reimbursable/Rent</b>	104,614	101,211	84,000	<b>88,000</b>	4.8%
<b>Other</b>	177,461	300,721	15,000	<b>15,000</b>	0.0%
<b>Total Revenues</b>	<b>14,312,323</b>	<b>10,628,077</b>	<b>19,136,100</b>	<b>19,897,600</b>	<b>4.0%</b>

NOTE: **Service Charges** include sales for water and sewer service. Water consumption has been projected on the anticipated usage. A combined water and sewer rate increase of 5% was previously approved effective as of January 1, 2017.

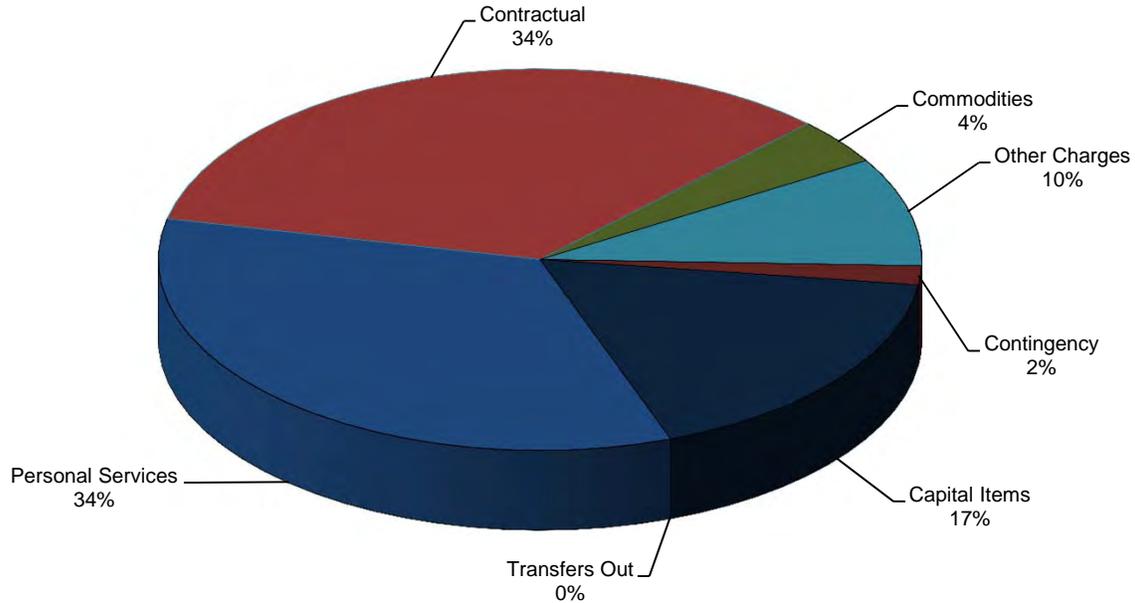
**Interest Income** has been reduced due to ongoing lower short-term interest rates.

**Sales/Reimbursable/Rent** increased mainly from the sale of Water Meters.

# WHERE THE MONEY GOES

## WATER & SEWER FUND EXPENDITURES

### 2017



	FY 2014-15 ACTUAL	8-Mo. End. Dec. 2015 ACTUAL	2016 BUDGET	2017 BUDGET	% CHANGE
<b>Personal Services</b>	5,894,818	3,911,015	6,294,300	<b>6,381,800</b>	1.4%
<b>Contractual</b>	5,700,510	4,807,398	6,283,070	<b>6,377,300</b>	1.5%
<b>Commodities</b>	668,879	530,879	810,157	<b>739,300</b>	(8.7%)
<b>Other Charges</b>	1,539,347	1,036,393	1,685,200	<b>1,732,300</b>	2.8%
<b>Contingency</b>	0	0	0	<b>300,000</b>	
<b>Capital Items</b>	1,096,946	1,142,145	4,464,311	<b>3,250,900</b>	(27.2%)
<b>Transfers Out</b>	0	0	25,000	<b>0</b>	(100.0%)
<b>Total Expenditures</b>	<b>14,900,500</b>	<b>11,427,830</b>	<b>19,562,038</b>	<b>18,781,600</b>	(4.0%)

NOTES: **Commodities** percentage decreased due to prior year encumbrance carry overs for Water Meters/Backflow Devices and other equipment and supplies.

**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, 2016 shows that \$200,000 of the \$200,000 contingency budget has been spent.

**Capital Items** decreased from the prior year due to the completion of budgeted projects for the Emergency Generator Upgrades, Well #13 roof replacement and the Automatic Meter Reading System.

**Transfers Out** decreased due to the decreased transfer from the Water & Sewer Fund to the Health Insurance Fund.

VILLAGE OF ARLINGTON HEIGHTS  
**EMPLOYEE CENSUS**

Ten Year Analysis

DEPARTMENT		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	8 Mon. Per.		
									Ending Dec. 2015	2016	2017
Integrated Services	Full-Time	6.50	6.50	6.00	6.00	6.00	6.00	5.00	11.00	11.00	11.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	Full-Time	4.50	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal	Full-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Part-Time	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	Full-Time	19.00	18.00	17.00	17.00	17.00	17.00	18.00	18.00	18.00	17.00
	Part-Time	3.00	2.00	2.00	1.00	1.00	1.00	0.00	0.00	0.00	1.00
IT/GIS	Full-Time	7.00	7.00	7.00	6.00	6.00	6.00	6.00	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	148.00	146.00	138.00	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	114.00	113.00	110.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
	Part-Time	1.00	1.00	1.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Planning & Comm Devlp	Full-Time	11.00	11.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00
	Part-Time	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Services	Full-Time	19.00	18.00	17.00	15.00	14.50	14.50	16.50	16.50	16.50	17.00
	Part-Time	1.00	1.00	1.00	3.00	3.00	3.00	0.00	0.00	0.00	0.00
Health Services	Full-Time	11.00	11.00	10.00	9.00	9.50	9.50	9.50	9.50	9.50	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Youth Services	Full-Time	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Part-Time	3.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Services	Full-Time	2.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
	Part-Time	6.00	6.00	6.00	6.00	5.00	5.00	5.00	3.00	3.00	3.00
Engineering	Full-Time	13.00	12.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works	Full-Time	50.00	49.00	44.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Utility Operations	Full-Time	41.00	41.00	41.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
	Part-Time	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Services	Full-Time	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Part-Time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>Full-Time</b>	<b>460.00</b>	<b>452.00</b>	<b>426.00</b>	<b>417.00</b>	<b>417.00</b>	<b>417.00</b>	<b>419.00</b>	<b>420.00</b>	<b>420.00</b>	<b>421.00</b>
	<b>Part-Time</b>	<b>23.00</b>	<b>21.00</b>	<b>17.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>16.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>
<b>TOTAL EMPLOYEES</b>		<b>483.00</b>	<b>473.00</b>	<b>443.00</b>	<b>437.00</b>	<b>437.00</b>	<b>437.00</b>	<b>435.00</b>	<b>434.00</b>	<b>434.00</b>	<b>435.00</b>
<b>INCREASE (DECREASE)</b>		<b>4.00</b>	<b>(10.00)</b>	<b>(30.00)</b>	<b>(6.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>(2.00)</b>	<b>(1.00)</b>	<b>0.00</b>	<b>1.00</b>
<b>FULL-TIME EQUIVALENTS (FTE)</b>		<b>471.75</b>	<b>462.75</b>	<b>434.50</b>	<b>427.00</b>	<b>427.25</b>	<b>427.25</b>	<b>427.25</b>	<b>427.25</b>	<b>427.25</b>	<b>428.25</b>
<b>INCREASE (DECREASE)</b>		<b>3.50</b>	<b>(9.00)</b>	<b>(28.25)</b>	<b>(7.50)</b>	<b>0.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>

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

VILLAGE OF ARLINGTON HEIGHTS  
**EXPENDITURES AND STAFFING**  
**SUMMARY BY OPERATION 2017**

OPERATION	STAFFING			EXPENDITURES			
	2016 Budget	2017 Budget	Inc (Dec)	2016 Budget	2017 Budget	\$ Inc (Dec)	% Inc (Dec)
Board of Trustees	0.00	0.00		\$182,200	\$184,600	\$2,400	1.3%
Integrated Services	11.00	11.00		2,788,684	2,778,800	(9,884)	(0.4%)
Human Resources	4.00	4.00		17,245,530	16,304,900	(940,630)	(5.5%)
Legal	2.75	2.75		796,600	763,900	(32,700)	(4.1%)
Finance	18.00	17.50	(0.50)	3,801,400	3,905,400	104,000	2.7%
Boards & Commissions	0.00	0.00		254,321	233,600	(20,721)	(8.1%)
Metropolis Theater	0.00	0.00		458,580	469,000	10,420	2.3%
Police/Police Grant	139.00	139.00		25,417,008	25,744,200	327,192	1.3%
Fire	110.50	110.00	(0.50)	21,866,012	22,328,600	462,588	2.1%
Planning & Community Development	9.00	10.00	1.00	3,408,011	2,987,300	(420,711)	(12.3%)
Building Services	16.50	17.00	0.50	2,392,700	2,449,100	56,400	2.4%
Health & Human Services	13.00	13.50	0.50	2,179,985	2,359,000	179,015	8.2%
Engineering	10.00	10.00		14,294,877	11,276,700	(3,018,177)	(21.1%)
Public Works	42.25	42.25		18,028,589	16,506,200	(1,522,389)	(8.4%)
Criminal Investigations	0.00	0.00		221,600	337,400	115,800	52.3%
Foreign Fire Insurance Tax	0.00	0.00		192,186	200,000	7,814	4.1%
Comm Development Block Grant Progr	0.00	0.00		228,873	199,200	(29,673)	(13.0%)
Water Utility Operations	0.00	0.00		15,231,630	14,487,700	(743,930)	(4.9%)
Parking Operations	40.75	40.75		717,754	709,800	(7,954)	(1.1%)
Solid Waste Disposal	0.00	0.00		1,170,700	1,096,400	(74,300)	(6.3%)
Municipal Fleet Services	0.00	0.00		2,335,034	2,279,600	(55,434)	(2.4%)
Pensions	10.50	10.50		12,927,400	13,873,600	946,200	7.3%
Capital Projects - Water/Sewer	0.00	0.00		3,128,108	2,814,200	(313,908)	(10.0%)
Capital Projects - Equipment	0.00	0.00		2,410,509	1,244,500	(1,166,009)	(48.4%)
Capital Projects - Public Buildings	0.00	0.00		1,013,000	17,700,000	16,687,000	1647.3%
Debt Service	0.00	0.00		7,679,643	7,092,500	(587,143)	(7.6%)
<b>Sub-Total</b>	<b>427.25</b>	<b>428.25</b>	<b>1.00</b>	<b>\$160,370,934</b>	<b>\$170,326,200</b>	<b>\$9,955,266</b>	<b>6.2%</b>
Non-Operating & Transfers Out	N/A	N/A	N/A	4,357,270	10,035,000	5,677,730	130.3%
<b>TOTAL</b>	<b>427.25</b>	<b>428.25</b>	<b>1.00</b>	<b>\$164,728,204</b>	<b>\$180,361,200</b>	<b>\$15,632,996</b>	<b>9.5%</b>

# CIP / Debt Service

**VILLAGE OF ARLINGTON HEIGHTS  
CAPITAL IMPROVEMENT PROGRAM SUMMARY**

The Village of Arlington Heights prepares annually a Capital Improvement Program (CIP) for the five-year period beginning with the next fiscal year. The CIP is a planning document which is reviewed by the Village Board and is prepared by the Village Manager and Finance Director with the assistance of all Department Heads. Included are capital expenditures projected to cost in excess of \$10,000 and have an expected lifetime of one or more years. The CIP is subject to further review and approval by the Village Board during the final budget process, based on available resources and expenditure requirements of the operations budget. What follows is a summary of all CIP expenditures and projects included in the 2017 budget.

**CAPITAL SPENDING**

Building & Land	\$ 19,807,700
Equipment	1,718,900
Signals	305,500
Streets	9,731,850
Sewer	2,000,000
Vehicles	1,244,500
Water	<u>2,464,200</u>
<b>TOTAL</b>	<b><u>\$ 37,272,650</u></b>

**CAPITAL FUNDING**

Capital Projects Fund	\$ 8,841,700
Water & Sewer Fund	3,350,900
Motor Fuel Tax Fund	1,905,500
Municipal Parking Operations Fund	825,000
TIF IV & V Fund	684,800
Storm Water Control Fund	1,550,000
Public Buildings Fund	17,725,000
Emerald Ash Borer (EAB) Fund	740,450
Arts, Entertainment & Events Fund	163,000
Fleet Operations Fund	1,244,500
Technology Fund	<u>241,800</u>
<b>TOTAL</b>	<b><u>\$ 37,272,650</u></b>

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

			2016	2016	2017	2018	2019	2020	2021
CAPITAL SPENDING			EST ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
FUND	PROJ #								
<b>Building &amp; Land</b>									
Overhead Door Replacement	Cap Proj	BL-90-04	15,000	15,000	20,000	20,000	20,000	20,000	20,000
Public Works Annex Improvements	Cap Proj	BL-93-02	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Public Works Annex Improvements	Water	BL-93-02	20,000	20,000	20,000	20,000	20,000	20,000	0
Building Equipment Replacement	Cap Proj	BL-95-04	38,157	38,157	30,000	30,000	30,000	35,000	30,000
Municipal Buildings Refurbishing	Cap Proj	BL-95-05	32,000	32,000	42,000	150,000	236,300	171,000	143,000
Municipal Buildings Refurbishing (Electrical Upgrade to Garag	Fleet	BL-95-05	0	0	0	0	50,000	0	0
Roof Maintenance Program	Cap Proj	BL-95-06	402,200	402,200	403,700	29,500	254,000	296,700	205,500
Roof Maintenance Program	Water	BL-95-06	107,300	107,290	0	0	170,000	197,800	137,000
Heating Plant/Air Conditioner Replacement	Cap Proj	BL-96-01	55,000	55,000	72,000	47,000	48,000	38,200	45,000
Heating Plant/Air Conditioner Replacement	Water	BL-96-01	0	0	0	5,000	0	0	0
Heating Plant/Air Conditioner Replacement	Fleet	BL-96-01	0	0	0	0	69,000	0	0
Ongoing Maintenance to Brick Exterior	Parking	BL-96-03	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Ongoing Maintenance to Brick Exteriors	Cap Proj	BL-96-03	20,000	20,000	20,000	30,000	30,000	30,000	30,000
Historical Society Museum - Building Repairs	Cap Proj	BL-96-04	33,600	33,631	75,000	25,000	25,000	25,000	25,000
Parking Structure Maintenance/Repairs	Parking	BL-00-06	552,199	552,199	810,000	117,000	14,000	0	0
Police Building Maintenance	Pub Bld	BL-10-04	25,000	25,000	25,000	0	0	0	0
Other Building Costs	Pub Bld	BL-11-10	0	0	1,000,000	1,200,000	0	0	0
Metropolis Theater Lobby Bar Restructure	A&E	BL-15-01	650	650	0	0	0	0	0
Metropolis Theater Green Room Refurbishment	A&E	BL-15-03	3,938	3,938	0	0	0	0	0
Metropolis Theater Security	A&E	BL-15-04	9,702	9,702	0	0	0	0	0
TIF IV Redevelopment	TIF IV	BL-16-05	265,700	500,000	500,000	500,000	500,000	500,000	500,000
North Garage Expansion	Parking	BL-15-20	41,400	14,937	0	0	0	0	0
Police Station - Architect/CM Fees	Pub Bld	BL-16-01	700,000	1,000,000	700,000	252,600	0	0	0
Metropolis Theater Exterior Marquee	A&E	BL-16-04	0	0	20,000	0	0	0	0
Police Station - Construction	Pub Bld	BL-16-10	431,500	444,465	16,000,000	8,985,000	3,000,000	0	0
Police Station - Contingency	Pub Bld	BL-16-20	0	0	0	0	2,400,000	0	0
Building Asset Management Plan	Cap Proj	BL-16-30	80,000	80,000	0	0	0	0	0
Metropolis Theater Triangle Rooms & Halls Refurbish	A&E	BL-17-01	0	0	0	0	7,000	0	0
Metropolis Theater Lobby Refurbishment	A&E	BL-17-03	0	20,000	20,000	0	0	0	0
Metropolis Theater Seat Replacement	A&E	BL-17-04	0	0	35,000	0	0	0	0
Metropolis Theater Dance Studio Floor	A&E	BL-17-05	0	0	0	0	0	18,000	0
Metropolis Theater- Replace Flooring MPAC	A&E	BL-17-06	0	0	0	0	0	40,000	0
<b>Sub-Total Building &amp; Land</b>			<b>2,848,346</b>	<b>3,389,169</b>	<b>19,807,700</b>	<b>11,426,100</b>	<b>6,888,300</b>	<b>1,406,700</b>	<b>1,150,500</b>
<b>Equipment</b>									
Operational Equipment - Public Works	Cap Proj	EQ-94-01	214,100	222,385	186,600	95,600	122,100	83,000	58,600
Operational Equipment - Public Works	Water	EQ-94-01	165,000	164,965	309,000	130,500	115,000	155,000	170,000
Operational Equipment - Police	Cap Proj	EQ-95-01	85,000	85,000	98,000	18,000	18,000	18,000	18,000
Operational Equipment - Police Department	Cap Proj	EQ-95-01	58,800	58,775	48,300	39,000	41,500	50,500	41,500
Operational Equipment - Fire Department	Cap Proj	EQ-95-02	217,500	234,575	341,500	193,000	405,000	64,000	45,000
Office Equipment	Cap Proj	EQ-95-03	44,900	44,854	20,000	20,000	45,000	40,000	40,000
Office Equipment	Water	EQ-95-03	26,800	26,800	15,000	15,000	15,000	15,000	15,000
Operational Equipment - Municipal Fleet Services	Cap Proj	EQ-97-01	87,800	87,790	33,000	7,500	45,500	51,000	82,200
IT Equipment Replacement	IT	EQ-97-08	242,300	242,346	241,800	241,800	241,800	241,800	241,800
Emergency Generator Upgrade	Water	EQ-99-02	815,300	815,328	10,000	879,500	30,000	10,000	922,400
Operational Equipment - Information Technology	Cap Proj	EQ-01-03	135,000	135,000	143,000	82,000	97,000	97,000	82,000
Operational Equipment - Engineering Department	Cap Proj	EQ-01-04	13,000	13,000	5,000	5,000	5,000	5,000	5,000
Equipment Replacement - Metropolis	A&E	EQ-06-03	53,900	53,890	35,000	36,000	37,000	38,000	39,000
EOC Equipment	Cap Proj	EQ-07-01	29,400	29,360	0	0	0	0	0
Patrol Vehicle Equipment Replacement Program	Cap Proj	EQ-08-03	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operational Equipment - Municipal Parking Fund	Parking	EQ-09-01	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Metropolis Theater Website Replacement	A&E	EQ-15-01	3,400	3,400	0	0	0	0	0
SCADA Enhancements	Water	EQ-15-25	30,000	30,000	10,000	30,000	58,000	60,000	61,500
Pumps & Motor Controls Rehab/Repl	Water	EQ-15-30	120,600	120,620	72,700	189,100	155,400	141,400	106,000
Metropolis Theater Lighting Systems & Equip	A&E	EQ-16-01	30,800	34,000	0	0	0	0	0
Metropolis Theater Phone/Intercom System	A&E	EQ-16-02	15,000	15,000	0	0	0	0	0
Metropolis Theater Sound System & Equipment	A&E	EQ-16-03	0	18,000	0	0	0	0	0
Alternative Fuel System Implementation	Cap Proj	EQ-16-05	0	0	30,000	0	0	0	0
Cable Access Broadcast & Video Streaming	Cap Proj	EQ-16-07	0	0	22,000	9,000	0	0	0
Police Station - FF&E / Security	Pub Bld	EQ-16-10	0	0	0	1,000,000	565,000	0	0
Asset Based Work Management System	Cap Proj	EQ-16-15	76,800	76,800	0	0	0	0	0
Asset Based Work Management System	Water	EQ-16-15	51,200	51,200	0	0	0	0	0
Metropolis Theater Sound System Expansion	A&E	EQ-17-02	0	0	16,000	0	0	0	0
Metropolis Theater Clearcom Equipment	A&E	EQ-17-03	0	0	0	17,000	0	0	0
Metropolis Theater LED House Lighting	A&E	EQ-17-04	21,000	0	0	61,000	0	0	0
Metropolis Theater Monitors - Audio	A&E	EQ-17-05	0	0	0	20,000	0	0	0
Metropolis Theater Monitors - Audio	A&E	EQ-17-06	0	0	0	10,000	0	0	0
Metropolis Theater Moving Lights	A&E	EQ-17-07	0	0	0	0	15,000	0	0
Metropolis Theater Edison for Grid	A&E	EQ-17-08	0	0	0	0	15,000	0	0
Metropolis Theater Sound Console/ Board	A&E	EQ-17-09	0	0	0	0	35,000	0	0
Metropolis Theater Replace Smoke Detectors	A&E	EQ-17-10	0	0	0	0	13,000	0	0
Metropolis Theater LED Series 2	A&E	EQ-17-11	0	0	0	0	0	0	60,000
Metropolis Theater LED CYC Lights	A&E	EQ-17-12	0	0	37,000	0	0	0	0
<b>Sub-Total Equipment</b>			<b>2,582,600</b>	<b>2,608,088</b>	<b>1,718,900</b>	<b>3,144,000</b>	<b>2,119,300</b>	<b>1,114,700</b>	<b>2,033,000</b>

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

CAPITAL SPENDING (continued)			2016	2016	2017	2018	2019	2020	2021
FUND	PROJ #	EST ACTUAL	BUDGET						
<b>Signals</b>									
Traffic Signal Maintenance	MFT	SG-03-02	103,500	103,500	105,500	107,700	109,900	112,100	114,500
Traffic Signal Imprv at Northwest Hwy/Wilke	Cap Proj	SG-08-02	1,006,700	1,006,759	-	-	-	-	-
Dundee Rd/Kennicott Ave Pedestrian Actuation	Cap Proj	SG-14-05	150,000	150,000	-	-	-	-	-
Traffic Signal Pedestrian Upgrade - Central at Arthur	Cap Proj	SG-14-10	52,300	52,260	-	-	-	-	-
Traffic Signals LED Upgrade	Cap Proj	SG-14-15	24,300	24,310	-	-	-	-	-
Algonquin and New Wilke Intersection Improvement	Cap Proj	SG-16-05	-	-	200,000	-	-	-	-
<b>Sub-Total Signals</b>			<b>1,336,800</b>	<b>1,336,829</b>	<b>305,500</b>	<b>107,700</b>	<b>109,900</b>	<b>112,100</b>	<b>114,500</b>
<b>Streets</b>									
Street Resurfacing Program	Cap Proj	ST-90-08	5,159,100	5,159,102	6,100,000	6,200,000	6,300,000	6,400,000	6,500,000
Street Rehabilitation Program	MFT	ST-90-09	4,160,000	4,160,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Sidewalk & Curb Replacement	Cap Proj	ST-90-11	67,000	67,000	50,000	375,000	385,000	395,000	405,000
Pavement Crack Sealing Program	Cap Proj	ST-92-01	125,000	125,000	125,000	125,000	200,000	200,000	200,000
Green Corridor Beautification	TIF IV	ST-99-03	-	-	-	110,000	-	-	-
Street Light Cable Replacement	Cap Proj	ST-00-01	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Gateway Signs & Beautification	Cap Proj	ST-01-01	19,750	19,749	-	-	-	-	-
Paver Brick Maintenance	Cap Proj	ST-05-01	463,900	463,854	395,000	412,000	412,000	412,000	412,000
Northwest Hwy/Davis Street/Arthur Avenue	Cap Proj	ST-05-03	338,500	338,524	-	-	-	-	-
Algonquin Road Street Lighting	MFT	ST-09-12	167,000	167,000	-	-	-	-	-
Commuter Drive Reconstruction	Cap Proj	ST-11-05	162,000	162,000	-	-	-	-	-
Davis/Sigwalt Streets Fencing/Landscape Upgrade	Cap Proj	ST-12-01	11,060	11,060	-	-	-	-	-
Parkway Ash Tree Removal/Replacement Prog	EAB	ST-13-20	1,341,846	740,444	740,450	289,900	-	-	-
Downtown Street Furniture	Cap Proj	ST-14-01	35,000	35,000	50,000	10,000	10,000	10,000	10,000
Nichols Road Reconstruction	MFT	ST-15-05	79,221	79,221	-	-	-	-	-
Downtown Streetscape Improvements	Cap Proj	ST-15-35	38,700	33,072	86,000	70,000	200,000	-	-
Northwest Hwy (Rt. 14) Corridor Landscaping Impr	Cap Proj	ST-16-20	28,000	50,000	55,000	98,000	101,000	75,000	77,000
Davis/Sigwalt Streets Fencing/Landscape Upgrade	Cap Proj	ST-17-02	-	-	2,000	-	-	-	-
South Arlington Heights Road Beautification	Cap Proj	ST-17-12	-	-	10,000	-	-	-	-
Rand Road Corridor Identification Enhancement	TIF V	ST-17-20	-	-	184,800	141,800	53,900	28,800	101,800
Rand Road Corridor Identification Enhancement	Cap Proj	ST-17-20	-	-	85,800	141,800	57,200	248,800	43,000
Downtown Outdoor Living Room	Cap Proj	ST-17-25	-	-	18,300	-	-	-	-
Downtown Light Ceiling	Cap Proj	ST-17-26	-	-	19,500	44,500	-	-	-
<b>Sub-Total Streets</b>			<b>12,206,077</b>	<b>11,621,026</b>	<b>9,731,850</b>	<b>9,828,000</b>	<b>9,529,100</b>	<b>9,579,600</b>	<b>9,558,800</b>
<b>Sewers</b>									
Regent Park Gravity Sewer	Water	SW-20-01	0	0	0	0	0	80,000	0
Sewer Rehab/Replacement Program	Water	SW-90-01	325,000	325,000	350,000	375,000	400,000	425,000	450,000
Neighborhood Drainage Improvements	Storm Wtr	SW-11-02	641,100	641,129	300,000	300,000	300,000	300,000	300,000
Sewer Back-up Rebate Program	Water	SW-15-01	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Storm Water Rehab/Replacement Program	Storm Wtr	SW-15-20	1,000,000	1,000,000	500,000	500,000	500,000	500,000	500,000
Arlington Knolls Storm Sewer Extension	Storm Wtr	SW-16-01	400,000	400,000	0	0	0	0	0
Municipal Campus and Downstream Detention	Storm Wtr	SW-17-06	0	0	750,000	0	0	0	0
<b>Sub-Total Sewers</b>			<b>2,466,100</b>	<b>2,466,129</b>	<b>2,000,000</b>	<b>1,275,000</b>	<b>1,300,000</b>	<b>1,405,000</b>	<b>1,350,000</b>
<b>Vehicles</b>									
Vehicle and Special Equipment Repl - PW	Fleet	VH-95-01	1,835,800	1,835,766	30,000	899,000	1,753,200	792,700	1,200,000
Vehicle and Special Equipment Repl - W&S	Fleet	VH-95-02	155,800	155,768	290,000	1,000,000	420,900	98,300	-
Vehicle Replacement - Police Department	Fleet	VH-95-03	194,700	194,657	152,500	493,900	425,200	234,300	171,700
Vehicle Replacement - Fire Department	Fleet	VH-95-04	23,000	23,000	750,000	231,800	231,800	138,600	510,300
Vehicle Replacement - Municipal Fleet Services	Fleet	VH-95-06	-	-	-	-	-	55,000	51,000
Vehicle Replacement - Municipal Parking Operations	Fleet	VH-95-08	121,800	121,768	-	-	-	87,100	-
Vehicle Replacement - Building & Health Services	Fleet	VH-95-10	-	22,000	-	-	-	73,000	50,000
Vehicle Replacement - Engineering Department	Fleet	VH-95-11	25,000	25,000	22,000	25,000	-	-	-
Vehicle Replacement - Planning Department	Fleet	VH-95-12	-	22,000	-	-	-	-	-
Vehicle Replacement - IT/GIS Department	Fleet	VH-95-15	-	-	-	-	23,000	-	-
<b>Sub-Total Vehicles</b>			<b>2,356,100</b>	<b>2,399,959</b>	<b>1,244,500</b>	<b>2,649,700</b>	<b>2,854,100</b>	<b>1,479,000</b>	<b>1,983,000</b>
<b>Water</b>									
Watermain Replacement Program	Water	WA-90-01	1,300,000	1,300,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000
Automatic Meter Reading System	Water	WA-03-02	162,500	324,996	-	-	-	737,300	633,800
Water Tank Repainting	Water	WA-11-01	883,800	883,790	936,900	-	1,456,900	875,000	29,000
Deep Well Rehabilitation	Water	WA-11-02	294,300	294,322	27,300	28,100	-	-	-
<b>Sub-Total Water</b>			<b>2,640,600</b>	<b>2,803,108</b>	<b>2,464,200</b>	<b>2,028,100</b>	<b>3,956,900</b>	<b>4,612,300</b>	<b>4,162,800</b>
<b>Total Capital Spending</b>			<b>26,436,623</b>	<b>26,624,308</b>	<b>37,272,650</b>	<b>30,458,600</b>	<b>26,757,600</b>	<b>19,709,400</b>	<b>20,352,600</b>

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

<b>CAPITAL FUNDING BY FUND</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>EST ACTUAL</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
Capital Projects Fund	9,374,567	9,416,217	<b>8,841,700</b>	8,331,900	9,142,600	8,820,200	8,572,800
Water & Sewer Fund	4,401,800	4,564,311	<b>3,350,900</b>	3,772,200	5,020,300	5,816,500	6,124,700
Motor Fuel Tax Fund	4,509,721	4,509,721	<b>1,905,500</b>	1,907,700	1,909,900	1,912,100	1,914,500
Municipal Parking Operations Fund	608,599	582,136	<b>825,000</b>	132,000	29,000	15,000	15,000
TIF IV & V Fund	265,700	500,000	<b>684,800</b>	751,800	553,900	528,800	601,800
Storm Water Control Fund	2,041,100	2,041,129	<b>1,550,000</b>	800,000	800,000	800,000	800,000
Public Buildings Fund	1,156,500	1,469,465	<b>17,725,000</b>	11,437,600	5,965,000	0	0
Emerald Ash Borer (EAB) Fund	1,341,846	740,444	<b>740,450</b>	289,900	0	0	0
Arts, Entertainment & Events Fund	138,390	158,580	<b>163,000</b>	144,000	122,000	96,000	99,000
Fleet Operations Fund	2,356,100	2,399,959	<b>1,244,500</b>	2,649,700	2,973,100	1,479,000	1,983,000
Technology Fund	242,300	242,346	<b>241,800</b>	241,800	241,800	241,800	241,800
<b>Total Capital Funding</b>	<b>26,436,623</b>	<b>26,624,308</b>	<b>37,272,650</b>	<b>30,458,600</b>	<b>26,757,600</b>	<b>19,709,400</b>	<b>20,352,600</b>

<b>CAPITAL FUNDING BY REVENUE SOURCE</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>EST ACTUAL</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
Charges to Operations	2,598,400	2,642,305	<b>1,486,300</b>	2,891,500	3,214,900	1,720,800	2,224,800
Motor Fuel Tax Allotment	1,810,400	1,810,400	<b>1,810,400</b>	1,810,400	1,810,400	1,810,400	1,810,400
Taxes							
Food & Beverage Tax	138,390	158,580	<b>163,000</b>	144,000	122,000	96,000	99,000
Property Tax	4,761,300	4,500,000	<b>5,200,000</b>	5,300,000	5,400,000	5,500,000	5,600,000
Property Tax Increment	265,700	500,000	<b>500,000</b>	500,000	500,000	500,000	500,000
Sales Tax Home Rule	1,820,800	1,883,000	<b>1,839,000</b>	1,875,800	1,932,000	1,990,000	2,049,700
Water Sales	4,401,800	4,564,311	<b>3,350,900</b>	3,772,200	5,020,300	5,816,500	6,124,700
Bond Proceeds	1,156,500	1,469,465	<b>17,725,000</b>	11,437,600	5,965,000	0	0
Other (including parking fees & interest income)	1,243,000	1,243,000	<b>1,162,000</b>	1,162,000	1,162,000	1,162,000	1,162,000
Grants/State/Federal/County/Private	651,940	651,940	<b>0</b>	0	0	0	0
Operating Transfer In	300,000	300,000	<b>300,000</b>	300,000	300,000	300,000	300,000
Cash on Hand/Reserves	7,288,393	6,901,307	<b>3,736,050</b>	1,265,100	1,331,000	813,700	482,000
<b>Total Capital Funding</b>	<b>26,436,623</b>	<b>26,624,308</b>	<b>37,272,650</b>	<b>30,458,600</b>	<b>26,757,600</b>	<b>19,709,400</b>	<b>20,352,600</b>

## CAPITAL IMPROVEMENT PROGRAM (CIP) IMPACT ON THE 2017 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 is one project, however, that will affect operating expenses. Detail on this project:

### **STREETS**

**Project Name:** Parkway Ash Tree Removal/Replacement (ST-13-20)

**Description:** Removal and replacement of diseased parkway Ash trees. About 13,000 of the Village's 36,000 parkway trees are Ash trees that are susceptible to the Emerald Ash Borer infestation.

**Budget:** \$289,900 (Total Project Cost: \$8,000,000)

**Operating Budget Impact:** In the near future, overtime for tree trimming should be reduced for a number of years until the replacement trees need significant pruning.

# DEBT SUMMARY

---

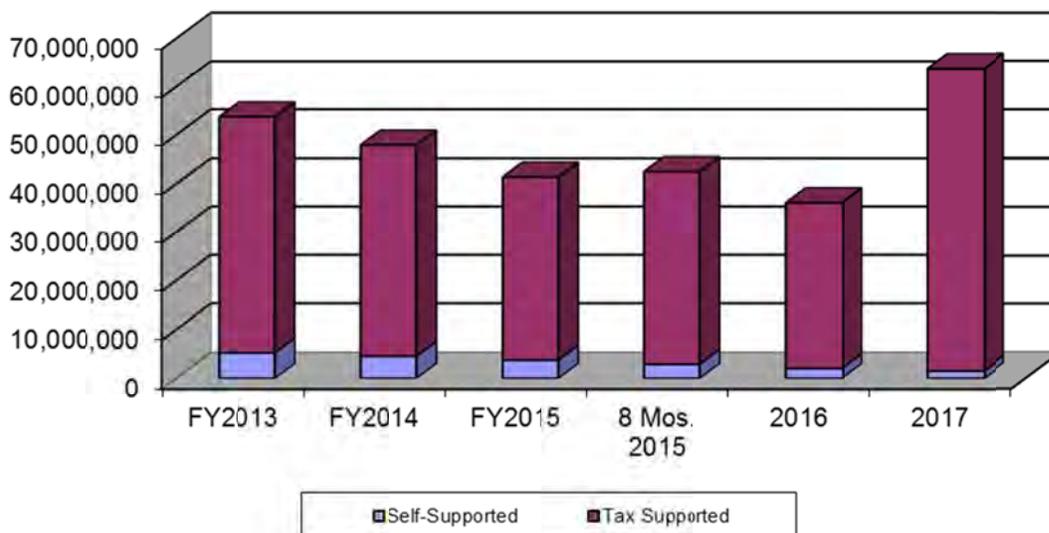
## OVERVIEW AND DEBT FINANCING PRINCIPLES

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

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

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

**VILLAGE OF ARLINGTON HEIGHTS  
Outstanding Bond Debt (Principal Only)  
Fiscal Years Ending 2013 through 2017**



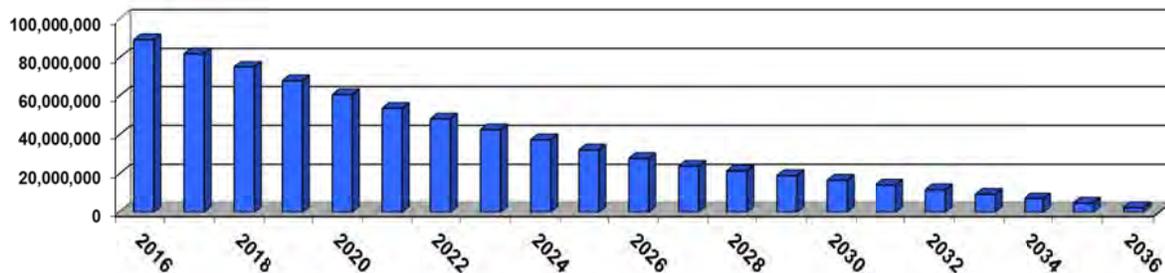
# DEBT SUMMARY

---

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

## Total Principal & Interest Outstanding 2016 through 2035

Includes Self-Supported (TIF, NWCD) and Tax Supported Debt



## LEGAL DEBT MARGIN

The Village is a home rule municipality.

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

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

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

## TYPES OF VILLAGE DEBT

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

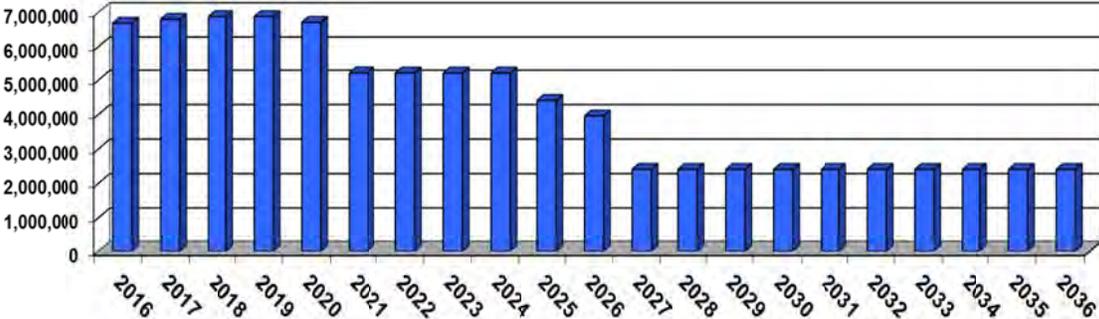
- General Obligation/General Obligation Alternate Revenue
- Water and Sewer Revenue
- Installment Contract
- Special Service Area
- Special Assessment

# DEBT SUMMARY

---

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

**Tax Supported Debt Service Payments by Fiscal Year  
2010 Through 2026**



## 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, 2016

ISSUE	PURPOSE	AMOUNT ISSUED	MATURITY DATE	PRINCIPAL OUTSTANDING
2006A G. O. Refunding Bonds	Refunding of 1997C and 1998A Bonds	16,515,000	12/1/2018	675,000
2010 G. O. Refunding Bonds	Refunding of 2002A NW Central Dispatch Bonds	2,855,000	12/1/2022	1,545,000
2011 G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,925,000	12/1/2026	9,545,000
2012A G. O. Refunding Bonds	Partial Refunding of 2004 Public Building Bonds	9,670,000	12/1/2022	8,520,000
2013 G. O. Refunding Bonds	Partial Refunding of 2006 Public Building Bonds	7,755,000	12/1/2019	5,550,000
2014 G. O. Road Improvement Bonds	Street resurfacing and sidewalk replacement	8,000,000	12/1/2020	5,035,000
2016 G.O. Police Station Bonds	Design and build new police station	32,900,000	12/1/2036	32,900,000
<b>TOTAL ALL BONDS</b>				<b>63,770,000</b>

**ANNUAL DEBT SERVICE REQUIREMENTS**

(PRINCIPAL AND INTEREST)

ISSUE	FUNDING SOURCE	FY2014 ACTUAL	FY2015 ACTUAL	8 Month Period Ending		2017 BUDGET
				Dec. 2015 ACTUAL	2016 ACTUAL	
2003B Refunding of 1997B Senior Center	Property Tax	370,200	352,400	334,800	322,400	0
2004 Public Buildings	Property Tax	104,000	0	0	0	0
2006 Public Buildings	Property Tax	1,914,000	1,592,000	3,536,000	0	0
2006A Refunding of 1997C & 1998A	Property Tax	349,400	353,400	356,800	354,600	357,000
2009A Refunding of 2001	Property Tax	2,739,600	2,905,875	0	0	0
2009B Street Resurfacing	Property Tax	462,525	517,625	0	0	0
2011 Partial Refunding of 2004 Public Bldg	Property Tax	423,700	442,900	441,700	440,500	439,300
2012A Partial Refunding of 2004 Public Bldg	Property Tax	276,200	374,500	370,800	767,100	1,170,400
2013 Partial Refunding of 2006 Public Bldg	Property Tax	79,847	322,450	321,750	2,421,050	2,242,000
2014 Road Improvements	Property Tax	0	0	1,501,658	1,502,550	1,501,050
2016 Police Building	Property Tax	0	0	0	884,478	1,094,200
<b>SUBTOTAL - PROPERTY TAX</b>		<b>6,719,472</b>	<b>6,861,150</b>	<b>6,863,508</b>	<b>6,692,678</b>	<b>6,803,950</b>
2003A Refunding of 1997A TIF III	TIF Property Tax Increments	263,400	264,400	265,000	265,200	0
2005 TIF V	TIF Property Tax Increments	391,788	429,713	440,513	0	0
<b>SUBTOTAL - TIF FUNDING</b>		<b>655,188</b>	<b>694,113</b>	<b>705,513</b>	<b>265,200</b>	<b>0</b>
2010 Refunding of 2002A NWCDs Building	Northwest Central Dispatch Rent	278,788	275,563	281,800	282,300	281,550
<b>SUBTOTAL - OPERATING REVENUE</b>		<b>278,788</b>	<b>275,563</b>	<b>281,800</b>	<b>282,300</b>	<b>281,550</b>
<b>TOTAL</b>		<b>7,653,447</b>	<b>7,830,825</b>	<b>7,850,821</b>	<b>7,240,178</b>	<b>7,085,500</b>

# Community Profile

# COMMUNITY PROFILE

---

## GOVERNMENT

Incorporated January 18, 1887

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

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

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

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

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

## GOVERNMENT

(Continued)

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

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

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

### Elections

Number of Registered Voters	49,554
Number of Ballots Cast in Last Municipal Election 4-7-15	6,282

### Village Bond Rating

Aa1

### Fire ISO Rating

2 (1/1/2015)

### Various Taxes

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

## DEMOGRAPHICS

The Village is comprised of approximately 16.6 square miles.

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

# COMMUNITY PROFILE

(Continued)

## DEMOGRAPHICS (Continued)

### Weather Conditions

Average Winter	25° F
Average Summer	71° F
Average Annual Rainfall	34 Inches
Average Annual Snowfall	34 Inches

### Population

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

### Age

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

### Ethnic Makeup (a)

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

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

### Other Household and Resident Data (a)

Total Households	31,409
Median Household Income	\$77,195
Per Capita Income	\$40,189
Median Age	41.9
% of population over 65	17%
Education (population 25 years & older)	
High school graduate or higher	95.6%
Bachelor's degree or higher	52.2%
Unemployment Percentage (12/2015) (b)	4.3%

## DEMOGRAPHICS (Continued)

### Home Value (a)

Median Home Value	\$325,200
Median Gross Rent	\$1,150
\$0 to \$99,999	1475
\$100,000 to \$149,999	1,443
\$150,000 to \$199,999	1,611
\$200,000 to \$299,999	5,448
\$300,000 to \$499,000	9,414
\$500,000 to \$999,999	3,187
\$1,000,000 or more	301

### 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
<b>Total</b>	<b>10,464</b>	<b>100.0</b>

### Property Value (d)

Estimated Total Property Value (2014)	\$7,512,659,307
Equalized Assessed Valuation (EAV) (2014)	\$2,504,219,769

### EAV Breakdown by Type of Property

	<u>2014 EAV</u>	<u>% of Total</u>
Residential	\$1,810,983,128	72.3%
Commercial	577,544,679	23.1%
Industrial	114,654,036	4.6%
Railroad	1,037,926	< 0%
	<b>\$2,504,219,769</b>	<b>100.0%</b>

# COMMUNITY PROFILE

(Continued)

## DEMOGRAPHICS (Continued)

### Top Five Property Taxpayers (d)

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

### Other (d)

Miles of Streets 240

### Water Information:

Municipal water system main water supply	
Lake Michigan water through the Northwest	
Water Commission (All wells are secondary and backup sources)	
Miles of Water Mains	260
Number of Water Customers	21,032
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	344,839
Number of Registered Borrowers	57,077
FY2015 Total Circulation	2,450,612

## BUSINESS

The Village has 1,708 businesses paying sales taxes.

### 2015 Kind of Business Report (e)

Sales Category	Sales Dollars	Percent of Total
General Merchandise	\$ 697,167	5.8%
Food	1,938,186	16.1%
Restaurant Dining	1,499,964	12.5%
Apparel	360,989	3.0%
Furniture, Household	901,551	7.5%
Lumber/Building/Hardware	497,883	4.1%
Automotive/Filling Stations	2,935,374	24.4%
Drugs & Misc. Retail	1,580,833	13.2%
Agriculture & All Others	1,379,853	11.5%
Manufacturers	218,289	1.8%
<b>TOTAL TAX RECEIPTS</b>	<b>12,010,088</b>	<b>100.0%</b>

### Major Employers (500 Employees or more)

Arlington Park Racecourse (seasonal)	4,500
Northwest Community Healthcare	3,617
Arlington Heights High School Dist. 214	1,670
Nokia Siemens Networks	1,267
Lutheran Home	800
Paylocity Corp.	670
Alexian Brothers Health System	500
Paddock Publications	500

# COMMUNITY PROFILE

(Continued)

## AWARDS & RECOGNITIONS

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

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

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

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

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

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

Chaddick Municipal Development  
Process Award ..... 2010

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

CALEA Accreditation of Police Dept. .... 2015

Governor's Sustainability Award ..... 2013

Community Partnership Award                      2013

### Notes:

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